EXHIBIT 1

Part 1 of 2

JANUARY 26, 2023 REPORT

Medical Properties (dis)Trust

Aggressive healthcare property roll-up caters almost exclusively to distressed tenants. Rent is round-tripped via "fake" purchases of massively inflated assets. The fat lady is singing.

January 26, 2023 – Viceroy Research is short Medical Properties Trust (NASDAQ : **MPW**), a healthcare property REIT who has engaged in billions of dollars of uncommercial transactions with its tenants and their management teams in order to mask a pervasive revenue round-robin scheme and / or theft.

The value of MPW's assets, as a result of capitalizing these uncommercial transactions, are massively overstated. MPW employed an aggressive, debt-fuelled roll-up strategy in order to affect these transactions. We believe the true value of MPW's LTV is ~85%, creating enormous **credit risk**. We believe MPW will have no choice but to significantly **cut dividends**.

Substantially all of MPW's major tenants appear distressed. This precedes the need to engage in revenue round-robin transactions. **MPW is a subprime asset roll-up generating prime yields**.

The Transactions

Broadly, we believe MPW engaged in 4 major types of uncommercial transactions with its clients. We believe substantial portions of cash is round-tripped back to MPW. Some may overlap:

Sale-Leasebacks

Many MPW property acquisitions are on leaseback terms, where the vendor becomes the tenant of the properties. MPW has engaged in billions of dollars of uncommercial sale-leaseback transactions

- MPW almost exclusively engages in these transactions with counterparties who are in financial ruin.
- Despite this, MPW appear to constantly overpay for fire sale assets, sometimes by as much as 10x, which in-turn allow debt-crippled tenants to meet their financial rent obligations as and when they fall due in the short term.

Salt Lake City Portfolio **Annexure 2**	MPW loaned Steward $1.4b to purchase a Salt Lake City Hospital operator IASIS and their portfolio of 19 hospitals. IASIS owned and operated 17 hospitals. A $700m portion of this loan was immediately extinguished in exchange for 9 properties. The second $700m loan was secured against only a further 2, leaving Steward with 7 properties courtesy of MPW at a value of $750m.	**$750m - overpayment**

Cash-Giveaways

MPW engages in various transactions with a common cast of friends in which hundreds of millions of dollars go missing. MPW has disappeared hundreds of millions of dollars in what appear to be fraudulent transactions.

- Underlying asset values are, also, fractions of the transaction values. Similarly: only fractions of the consideration are received by the vendors. In many instances, it appears that a middle-man is involved in brokering these transactions.

Malta Hospitals **Annexure 5**	MPW invested $205m for a 49% stake in an unnamed JV with Steward & MPW management. It paid $205m for 3 hospitals worth $27m in Malta formerly operated by a group of businessmen under investigation for corruption. Steward reaped a $173m windfall and the $5m difference between MPW's acquisition loan and the price paid to Steward remains unaccounted for.	**$173m overpayment** **$5m missing**

Bailouts

MPW engages in various in run-of-the-mill bailout transactions. MPW has spent hundreds of millions of dollars bailing out distressed tenants.

- MPW will acquire equity in failing operators or issue them loans in order to mask uncollectable rent via round tripping revenues and, consequently, avoid impairment of their assets.

Prospect **Annexure 7**	In 2019 MPW entered into a $113m promissory note with Prospect, payable in August 2022 or the sale-leaseback of the properties. Rhode-Island regulators approved Prospect's MBO contingent on the removal of the sale-leaseback option, effectively leaving MPW holding the bag.	**$113m unrecoverable**

Capex Assistance & Fake Builds

MPW appear to collude with tenants to establish "fake" projects in order to siphon money away from the company. It is also frequently strong-armed by distressed tenants and regulators for financial assistance for maintenance capex on triple-net leases.

- Various of MPW's ongoing developments appear to be either non-existent or have not broken ground. Despite this, MPW claim to have spent tens of millions of dollars on each development. Site visits of barren construction sites and local news sources suggest this is a lie.
- MPW's tenants are exclusively on triple-net leases, meaning they are on the hook for real estate taxes, insurance, and maintenance. Despite this, various filings and MPW's financial accounts show substantial cash amounts being devoted to capex, including maintenance, of its distressed tenants.

Wadley Regional Medical Centre **Annexure 1**	MPW committed $169m to build a Steward facility which. Wadley Regional Medical Center and MPW, in its Q3 2022 interim report, said that it had already spent $58m on the development. News stories, including a site visit in October 2022, show that the development site does not appear to have broken ground, and does not even have a site office. Local news agencies captured video of the site, which shows a sprawling bushland surrounded by temporary blue fencing.	**$58m - missing**

Figure 1 – Screen Capture – KSLA News 12 site visit to Wadley Regional Medical Centre[1]

The above image is from a local news stie visit to Wadley Regional Medical Centre in October 2022. MPW claimed to have outlaid $58m on this development, with over $100m in further commitments. The site did not even appear to have an office.

[1] https://www.ksla.com/2022/10/20/construction-apparently-paused-texarkana-hospital/

The Financials

It's important to understand MPW's financial gimmicks in order to properly evaluate the impact of MPW misrepresentations. Viceroy's analysis of MPW's operational cash flows show that it consistently generates enormous losses, cumulating to $1.9b since 2015.

Medical Properties Trust -Viceroy Free Cash Flow $000's	**2015-2019**	**2020**	**2021**	**Q3 2022**	**Cumulative 2015-Q3 2022**
Normalized FFO - Management	**2,019,387**	**831,212**	**1,035,920**	**829,487**	**4,716,006**
Reconcile to cash flow from operations					
Straight-line revenue & other	(387,895)	(226,906)	(288,717)	(214,435)	(1,117,953)
Share based compensation	77,706	47,154	52,110	33,001	209,971
Debt costs amortization	36,436	13,099	16,856	13,123	79,514
Other	(45,622)	(64,144)	(17,632)	(26,666)	(154,063)
Working capital	77,107	17,221	13,119	(76,595)	30,852
Cash flow from operations	**1,777,119**	**617,636**	**811,656**	**557,915**	**3,764,326**
Capex & suspect round-tripping					
Equity investments/investments in unconsolidated JV's	(932,985)	(233,593)	(123,427)	(399,456)	(1,689,461)
Other loans/investments in unconsolidated operating entities	(995,321)	(309,523)	(909,669)	(131,105)	(2,345,618)
Capex-adjecent line items	(1,142,494)	(104,530)	(356,964)	(242,090)	(1,846,078)
Proceeds from return of equity investment	-	69,224	65,546	14,295	149,065
Viceroy Adjusted Free Cash Flow	**(1,293,687)**	**39,213**	**(512,859)**	**(200,442)**	**(1,967,774)**

Figure 2 – Viceroy Analysis

- MPW's adoption of straight-line revenue model hides a pervasive rent-deferral program for distressed tenants. Viceroy do not believe straight-line rent is collectable. Straight-line revenues have increased from ~8% of total rent in 2015 to ~20% of total rent in 2021.
- Our research shows material portions of MPW's billed rent is round tripped through uncommercial loans and equity investments[2]. Viceroy include these outflows in our FCF calculation as our research suggests they are instrumental to operations and to MPW receiving rent from distressed tenants.
- MPW's tenants are exclusively on triple-net leases. Despite this, various filings and MPW's financial accounts show substantial cash amounts being devoted to capex, including maintenance, of its properties. Viceroy included these outflows in our FCF calculation as our research show MPW is strongarmed into making absurd investments for distressed clients in order to receive rent.

A break-down of MPW's cash flows shows that it has financed both a heavily loss-making operation *and* an aggressive (and unsuccessful) roll-up strategy in a zero-rate environment with mountains of debt and dilutive equity raises. The fat lady is singing.

Medical Properties Trust -Viceroy Cash Flow Analysis $000's	**2015-2019**	**2020**	**2021**	**Q3 2022**	**Cumulative 2015-Q3 2022**
Viceroy Adjusted Free Cash Flow	**(1,293,687)**	**39,213**	**(512,859)**	**(200,442)**	**(1,967,774)**
Remaining cash flows from investing activities	-				
Acquisitions & other related investments**	(10,216,349)	(3,706,064)	(4,317,143)	(441,682)	(18,681,238)
Asset sale proceeds, net of costs	1,907,736	94,177	246,468	2,185,574	4,433,955
Principal received on loans receivable, net of investment in loans	1,825,221	1,243,536	1,536,776	(127,405)	4,478,128
Viceroy adjusted cash flows from investing activities	**(6,483,392)**	**(2,368,351)**	**(2,533,899)**	**1,616,487**	**(9,769,155)**
Cash flows from financing activities					
Net proceeds / (repayment) of term debt & credit facilities	5,603,012	1,578,583	2,576,526	(933,661)	8,824,460
Proceeds from sale of units, net of offering costs	5,166,274	411,101	1,051,229	-	6,628,604
Distributions paid	(1,503,705)	(567,969)	(643,473)	(524,536)	(3,239,683)
Other financing activities	(146,037)	(20,641)	(36,674)	(85,492)	(288,844)
Cash flow from financing activities	**9,119,544**	**1,401,074**	**2,947,608**	**(1,543,689)**	**11,924,537**

Figure 3– Viceroy Analysis

[2] These are reflected in "Equity investments / investments in consolidated JVs" and in "Other loans/investments in unconsolidated operating entities"

The Valuation & Credit Risk

It is difficult to assign a valuation to MPW as we believe investors are working with misleading and incomplete information. We believe MPW presents enormous short-term downside. Viceroy have nonetheless recreated the copy-paste sell-side future FFO valuation model with some adjustments which we believe begin to illustrate the value-destructive nature of MPW's actions.

Viceroy's adjusted FFO per share removes the impact of straight-line rent (which has historically equated to ~25% of FFO). It also attempts to remove the impact of MPW's round-robin transactions (50% is generous[3]).

Medical Properties Trust - Viceroy Valuation		Notes
Consensus 2023 FFO	1.78	
Straight-line rent reduction	(0.45)	25% off FFO
Round Trip Estimate	(0.89)	50% off FFO
Viceroy Adjusted FFO	**0.45**	

Medical Properties Trust - Viceroy Valuation Range	Multiple	Valuation ($/share)	Downside
Bullish	10.00	4.45	**-67%**
Mid	8.75	3.89	**-71%**
Bearish	7.50	3.34	**-75%**
Stock Price @ 24 Jan 2023	13.48		
Current Multiple on consuensus 2023 FFO	7.57		

Figures 4 & 5 – Viceroy Analysis

Around current forwards FFO multiples, we deduce a short-term downside of 67% - 75%.

This valuation does not consider that MPW is subject to immense credit risk. It has played an aggressive, debt-fuelled roll-up strategy in a zero-interest bull-market. It has had the best economic conditions of all time to fester into one the largest financial disasters to plague the USA – and indeed global – medical industry.

Medical Properties Trust - LTV Calc $000's	Q3 2022	Adjustments	Viceroy LTV
Net debt			
Debt	(9,476,144)		(9,476,144)
Cash & equivalents	299,171		299,171
Accounts payable & accrued expenses	(569,017)		(569,017)
Interest & rent receivables	117,555		117,555
Deferred revenue	(18,569)		(18,569)
Obligations to tenants & other lease liabil	(146,438)		(146,438)
Net debt and obligations	**(9,793,442)**	-	**(9,793,442)**
Assets			
Net investment in real estate assets	14,264,905	(3,566,226)	10,698,679
Straight-line rent receivables	710,082	(710,082)	-
Investments in unconsolidated real estate	2,850,071	(2,850,071)	-
Other loans	200,245		200,245
Other assets	601,387		601,387
Asset base	**18,626,690**	**(7,126,379)**	**11,500,311**
LTV	**52.58%**		**85.16%**

Figure 6 & 7 – Viceroy LTV Analysis

Viceroy believe MPW's` LTV is closer to 85%.
This kneecaps MPW's ability to continue paying dividends.

In December 2022, S&P placed MPW on downgrade watch. It already sits below investment grade at BB+[4].

[3] The quantum of round-robin transactions typically exceeds FFO. We believe a 50% haircut is generous.
[4] https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/2932303

Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Medical Properties Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

Important Disclaimer – Please read before continuing

This report has been prepared for educational purposes only and expresses our opinions. This report and any statements made in connection with it are the authors' opinions, which have been based upon publicly available facts, field research, information, and analysis through our due diligence process, and are not statements of fact. All expressions of opinion are subject to change without notice, and we do not undertake to update or supplement any reports or any of the information, analysis and opinion contained in them. We believe that the publication of our opinions about public companies that we research is in the public interest. We are entitled to our opinions and to the right to express such opinions in a public forum. You can access any information or evidence cited in this report or that we relied on to write this report from information in the public domain.

To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. We have a good-faith belief in everything we write; however, all such information is presented "as is," without warranty of any kind – whether express or implied.

In no event will we be liable for any direct or indirect trading losses caused by any information available on this report. Think critically about our opinions and do your own research and analysis before making any investment decisions. We are not registered as an investment advisor in any jurisdiction. By downloading, reading or otherwise using this report, you agree to do your own research and due diligence before making any investment decision with respect to securities discussed herein, and by doing so, you represent to us that you have sufficient investment sophistication to critically assess the information, analysis and opinions in this report. You should seek the advice of a security professional regarding your stock transactions.

This document or any information herein should not be interpreted as an offer, a solicitation of an offer, invitation, marketing of services or products, advertisement, inducement, or representation of any kind, nor as investment advice or a recommendation to buy or sell any investment products or to make any type of investment, or as an opinion on the merits or otherwise of any particular investment or investment strategy.

Any examples or interpretations of investments and investment strategies or trade ideas are intended for illustrative and educational purposes only and are not indicative of the historical or future performance or the chances of success of any particular investment and/or strategy. As of the publication date of this report, you should assume that the authors have a direct or indirect interest/position in all stocks (and/or options, swaps, and other derivative securities related to the stock) and bonds covered herein, and therefore stand to realize monetary gains in the event that the price of either declines.

The authors may continue transacting directly and/or indirectly in the securities of issuers covered on this report for an indefinite period and may be long, short, or neutral at any time hereafter regardless of their initial recommendation.

1. Financial Analysis

It is contextually important that readers understand MPW's financial accounting gimmicks and executive incentives prior to diving into the weeds of the malfeasance. Acquiring terrible businesses, siphoning cash through acquisitions, and bailing out failing tenants aligns with the financial goals of the board.

This section will highlight MPW's operational cash shortfalls, revenue round-tripping, and accounting gimmicks. It will also highlight *how* MPW actually "makes" money (*spoiler*: debt & unit offerings).

1.1 FFO, AFFO

MPW uses Funds From Operations (FFO) as their main performance indicator. FFO (or a slightly Adjusted FFO) is also utilized by most analysts covering MPW to derive valuations. Executives are compensated based on normalized FFO and EBITDA.

Medical Proerties Trust - FFO Breakdown **$000's**	**2015-2018**	**2019**	**2020**	**2021**	**Q3 2022**	**Cumulative** **2015-Q3 2022**
Net income less participating share in earnings	1,664,442	372,376	429,345	653,860	1,042,036	4,162,059
Depreciation & amortization	437,303	183,921	306,496	374,599	300,731	1,603,050
(Gain) / Loss on sale of real estate	(797,259)	(41,560)	2,833	(52,471)	(536,788)	(1,425,245)
Real estate impairment charges	48,007	21,031	19,006	-	-	88,044
Funds from operations (FFO) - Management	**1,352,493**	**535,768**	**757,680**	**975,988**	**805,979**	**4,427,908**
Write-off of straight-line rent & other*	30,333	15,539	26,415	(2,271)	27,444	97,460
Debt refinancing & unutilized financing costs	82,019	4,367	28,180	27,650	(12,563)	129,653
Release of income tax valuation allowance	(8,361)	-	-	-	-	(8,361)
Non-real estate impairment charges	7,229	-	-	-	-	7,229
Tax rate & other changes	-	-	9,295	42,746	(825)	51,216
Non-cash fair value adjustments	-	-	9,642	(8,193)	9,452	10,901
Normalized FFO - Management	**1,463,713**	**555,674**	**831,212**	**1,035,920**	**829,487**	**4,716,006**

Figure 8 – MPW Management FFO Calculations

FFO is a **completely unsuitable metric** without significant adjustments that can account for MPW's enormous revenue round tripping, distressed straight-lined rent, and suspected theft. Our calculations in [Figure XX] below account for various cash outflows, including investment outflows, which we believe are necessary for MPW's operations.

Medical Properties Trust -Viceroy Free Cash Flow **$000's**	**2015-2019**	**2020**	**2021**	**Q3 2022**	**Cumulative** **2015-Q3 2022**
Normalized FFO - Management	**2,019,387**	**831,212**	**1,035,920**	**829,487**	**4,716,006**
Reconcile to cash flow from operations					
Straight-line revenue & other	(387,895)	(226,906)	(288,717)	(214,435)	(1,117,953)
Share based compensation	77,706	47,154	52,110	33,001	209,971
Debt costs amortization	36,436	13,099	16,856	13,123	79,514
Other	(45,622)	(64,144)	(17,632)	(26,666)	(154,063)
Working capital	77,107	17,221	13,119	(76,595)	30,852
Cash flow from operations	**1,777,119**	**617,636**	**811,656**	**557,915**	**3,764,326**
Capex & suspect round-tripping					
Equity investments/investments in unconsolidated JV's	(932,985)	(233,593)	(123,427)	(399,456)	(1,689,461)
Other loans/investments in unconsolidated operating entities	(995,321)	(309,523)	(909,669)	(131,105)	(2,345,618)
Capex-adjecent line items	(1,142,494)	(104,530)	(356,964)	(242,090)	(1,846,078)
Proceeds from return of equity investment	-	69,224	65,546	14,295	149,065
Viceroy Adjusted Free Cash Flow	**(1,293,687)**	**39,213**	**(512,859)**	**(200,442)**	**(1,967,774)**

Figure 9 – Viceroy Adjusted Free Cash Flows

Viceroy's assessment is that MPW's cumulative free cash flow since 2015 is ***negative $1.9b.***

We believe MPW's multi-billion dollar roll-up strategy has conclusively failed in generating any real cash-flows. In fact, MPW appears to have burnt more money than ever in the last 3 years.

1.2 Straight-Line Rent – Suspect Uncollectible

MPW 's rent revenue is split into 2 balance sheet components:

1. Rent billed – as in, of the recorded rent revenue, how much was remitted in cash or is currently receivable; and
2. Straight-line rent - an additional amount of rent MPW should have collected per period if the entire payment stream of the rent contract was recognized evenly over the rental period (which it is not).

> We receive income from operating leases based on the fixed required rents (base rents) per the lease agreements. Rent revenue from base rents is recorded on the straight-line method over the terms of the related lease agreements for new leases and the remaining terms of existing leases for those acquired as part of a property acquisition. The straight-line method records the periodic average amount of base rents earned over the term of a lease, taking into account contractual rent increases over the lease term. The straight-line method typically has the effect of recording more rent revenue from a lease than a tenant is required to pay early in the term of the lease. During the later parts of a lease term, this effect reverses with less rent revenue recorded than a tenant is required to pay. Rent revenue, as recorded on the straight-line method, in our consolidated statements of net income is presented as two amounts: rent billed and straight-line rent. Rent billed

Figure 10 – MPW annual report extract of straight-line accounting policy

MPW's adoption of straight-line revenue model for its tenants suggests that significant portions of rent has been deferred, and will only be collectable in the future[5]. Straight-line rent has rapidly increased as a percentage of rent revenues since 2015.

Medical Proerties Trust - Straight Line Rent Analysis $000's	2015	2016	2017	2018	2019	2020	2021	Q3 2022
Rent-billed	247,604	327,269	435,782	473,343	474,151	741,311	931,942	737,029
Straight-line rent	23,375	41,067	65,468	74,741	110,456	158,881	241,433	146,114
Total rent revenues	**270,979**	**368,336**	**501,250**	**548,084**	**584,607**	**900,192**	**1,173,375**	**883,143**
Straight-line as % of total revenues	**8.6%**	**11.1%**	**13.1%**	**13.6%**	**18.9%**	**17.6%**	**20.6%**	**16.5%**

Figure 11 – Viceroy straight-line rent analysis

This report will show that substantially all MPW's major tenants are in financial distress:

- Material portions of MPW's rent-billed is round tripped through uncommercial loans and equity investments.
- Straight-line revenue appears to be utilized as a method of rent-deferral for distressed tenants, and is likely uncollectable.

While straight-lining of rents is normally a permitted accounting treatment, ASC 842 requires recognition on a cash-basis when collectability is in question:

> Under ASC 842, a lessor's pattern of revenue recognition for an operating lease is impacted by its assessment of the collectibility of lease payments. If collectibility is probable at commencement, lease income is generally recognized on an accrual basis (generally on a straight-line basis) over the term of the lease. Otherwise, lease income is limited to the lesser of (1) income that would have been recognized if collectibility was probable, or (2) lease payments collected (i.e., a cash basis).
>
> Collectibility should be reassessed during the lease term. If collectibility is no longer probable (i.e., the lease subsequently becomes "troubled"), and cumulative cash receipts are less than lease income recognized to date, the excess lease income would be reversed.

Figure 12 – Extract from ASC 842[6]

Viceroy Research believe that the straight-lining of rent hides the deteriorating underlying financial health of MPW's tenants. Executives are compensated based on normalized FFO, FFO and EBITDA, none of which back-out straight-line rent.

We note that MPW has written off ~$100m in straight line rent since 2015.

---

[5] There are instances where straight-line rent is required to price in minimum yearly rent increases. In MPW's case, straight-line has rapidly increased as a percentage of rent revenues billed since 2015.

[6] https://viewpoint.pwc.com/dt/us/en/pwc/accounting_guides/leases/leases__4_US/chapter_8_other_topi_US/8_9_Lessor-operating-leases_impact-of-collectibility_assessment-_added-November-2019_.html

1.3 Capex & suspect round-tripping

This report will highlight that MPW frequently engaged with its own tenants in various types of uncommercial transactions which we believe constitute rent round-tripping. It will also highlight transactions where MPW supports distressed clients on triple-net leases by providing significant support in the form of capex.

Viceroy's adjusted free cash flows attempt to adjust for these transactions, however accounts are incredibly opaque and the business is vast to reliably track all of these transactions.

MPW's "growth strategy" and executive incentive schemes reward "Acquisitions". The exact terms or measurement of "Acquisitions" is undefined, however management has consistently scraped the bottom of the barrel in its search for new properties and new tenants. All these transactions will look good on paper. All these transactions will qualify executives for bonuses. Investors must look beneath the surface.

Broadly, we believe MPW engaged in 4 major types of uncommercial transactions with its clients. Some may overlap:

Sale-Leasebacks

Many MPW property acquisitions are on leaseback terms, where the vendor becomes the tenant of the properties. MPW almost exclusively engages in these transactions with counterparties who are in financial ruin.

Despite this, MPW appear to constantly overpay for fire sale assets, sometimes by as much as 10x, which in-turn allow debt-crippled tenants to meet their financial rent obligations as and when they fall due in the short term.

MPW has engaged in billions of dollars of uncommercial sale-leaseback transactions.

Cash-Giveaways

If overpaying wasn't enough MPW engages in various transactions with its tenants in which millions of dollars are basically given to tenants. Underlying asset values are fractions of the transaction values, and only fractions of the consideration is received by the vendors.

These transactions tend to be international, perhaps as a deterrent for analysts to investigate the matter further. In any case, Viceroy believe they must be scrutinized by MPW's auditors.

MPW has disappeared hundreds of millions of dollars in what appear to be round-trip transactions. We believe substantial portions of cash is round-tripped back to MPW.

Bailouts

MPW engages in various in run-of-the mill bailout transactions, where it will acquire equity in failing operators in order to mask uncollectable rent and, consequently, avoid impairment of their assets.

MPW has spent hundreds of millions of dollars bailing out distressed tenants.

Capex assistance & fake developments

MPW's tenants are exclusively on triple-net leases, meaning they are on the hook for real estate taxes, insurance, and maintenance. Despite this, various filings and MPW's financial accounts show substantial cash amounts being devoted to capex, including maintenance, of its properties.

In the instance of Pipeline Health, MPW has devoted tens of millions in capex to maintain and build new facilities as part of Pipeline Health's restructuring plan! **MPW doubles down on losers.**

Various of MPW's ongoing developments appear to be either non-existent or have not broken ground. Despite this, MPW claim to have spent tens of millions of dollars on each development. Site visits of barren construction sites and local news sources suggest this is a lie.

1.5 Executive Compensation Incentives

Substantially all executive performance-based incentives are tied to FFO, FFO Growth, EBITDA, and "Acquisitions".

Base Salary	Based on duties, experience and internal pay equity	Provides a fixed level of cash compensation to attract and retain talented executives
Annual Cash Bonus	50% Normalized FFO per Share 20% EBITDA/Interest Expense	Aligns our executives with near-term financial goals and strategic priorities, which for 2021 included FFO growth and managing leverage
	10% ESG Initiatives	For 2021 as we remain focused on the importance of ESG for both internal and external stakeholders, we continued to include the achievement of ESG initiatives in our annual cash bonus program as standalone assessment criteria
	20% Qualitative Performance	Given that the majority of our compensation is based on pre-established metrics and goals, allows for a subjective assessment of performance on a more holistic basis and considers factors that may not be quantifiable
Time-Based Shares	Vest ratably over 3 years	Promotes retention and aligns executives with stockholders
Performance-Based Shares	30% FFO per Share Growth	Rewards executives for meaningful FFO per share growth in both the short- and long-term. Achievement of these goals requires significant accretive growth on an annual and cumulative basis
	40% EBITDA	Ensures that executives are focused on profitability and stockholder value creation through sector-leading EBITDA growth in both the short-term and long-term periods
	30% Acquisitions	Motivates our executives to execute our growth strategy that involves making accretive acquisitions to achieve portfolio growth that would not be achieved through a simpler organic growth model focused only on leasing spreads
	Absolute and Relative TSR Modifier	Adjusts payouts to align with long-term stockholder returns on both an absolute and relative basis

Figure 13 – MPW 2022 Proxy Statement extract

This compensation structure has fostered and encouraged management's trigger-happy acquisition spree and does not disincentivize bad behavior. It's important to note in analysis that executive incentives are aligned with fraud, bailouts, and creative accounting.

1.6 How Does MPW Make Money?

For a long time, the business of being an aggressive roll-up was substantially better than the business of being a health facility landlord. MPW's aggressive roll-up strategy in a strong bull-market has masked the underperformance of its underlying business.

A break-down of MPW's cash flows shows that it has financed both a heavily loss-making operation *and* an aggressive (and unsuccessful) roll-up strategy in a zero-rate environment.

Medical Properties Trust -Viceroy Cash Flow Analysis $000's	2015-2019	2020	2021	Q3 2022	Cumulative 2015-Q3 2022
Viceroy Adjusted Free Cash Flow	**(1,293,687)**	**39,213**	**(512,859)**	**(200,442)**	**(1,967,774)**
Remaining cash flows from investing activities	-				
Acquisitions & other related investments**	(10,216,349)	(3,706,064)	(4,317,143)	(441,682)	(18,681,238)
Asset sale proceeds, net of costs	1,907,736	94,177	246,468	2,185,574	4,433,955
Principal received on loans receivable, net of investment in loans	1,825,221	1,243,536	1,536,776	(127,405)	4,478,128
Viceroy adjusted cash flows from investing activities	**(6,483,392)**	**(2,368,351)**	**(2,533,899)**	**1,616,487**	**(9,769,155)**
Cash flows from financing activities					
Net proceeds / (repayment) of term debt & credit facilities	5,603,012	1,578,583	2,576,526	(933,661)	8,824,460
Proceeds from sale of units, net of offering costs	5,166,274	411,101	1,051,229	-	6,628,604
Distributions paid	(1,503,705)	(567,969)	(643,473)	(524,536)	(3,239,683)
Other financing activities	(146,037)	(20,641)	(36,674)	(85,492)	(288,844)
Cash flow from financing activities	**9,119,544**	**1,401,074**	**2,947,608**	**(1,543,689)**	**11,924,537**

Figure 14 – Viceroy Analysis

1.7 LTV Analysis

MPW's Loan-To-Value ration (**LTV**) sits above 50% without any adjustments for:

- Pervasive overpayments of assets & real estate;
- Revenue round-tripping transactions; and
- Straight-line revenue deferrals provisions to distressed clients.

Viceroy's analysis below attempts to account for MPW's accounting gimmicks. We believe MPW's real LTV is closer to 85%.

Medical Properties Trust - LTV Calc $000's	Q3 2022	Adjustments	Viceroy LTV
Net debt			
Debt	(9,476,144)		(9,476,144)
Cash & equivalents	299,171		299,171
Accounts payable & accrued expenses	(569,017)		(569,017)
Interest & rent receivables	117,555		117,555
Deferred revenue	(18,569)		(18,569)
Obligations to tenants & other lease liabil	(146,438)		(146,438)
Net debt and obligations	**(9,793,442)**	**-**	**(9,793,442)**
Assets			
Net investment in real estate assets	14,264,905	(3,566,226)	10,698,679
Straight-line rent receivables	710,082	(710,082)	-
Investments in unconsolidated real estate	2,850,071	(2,850,071)	-
Other loans	200,245		200,245
Other assets	601,387		601,387
Asset base	**18,626,690**	**(7,126,379)**	**11,500,311**
LTV	**52.58%**		**85.16%**

Figure 15 – Viceroy Analysis of MPW's LTV

It is difficult to make an accurate calculation of MPW's real LTV as financial accounts are opaque, transactions are needlessly complex, and the scope of the business is vast. Viceroy believe MPW's accounts should be subject to greater scrutiny in order to provide investors will a real view of MPW's underlying business and balance sheet.

We note the following in relation to Viceroy's estimate LTV calculations above:

- Viceroy believe MPW's net investment in real estate is overvalued by *at least* 25% ($3.6b). We note that our review of a handful of Steward transactions alone evidence over $1b of overpayments of real estate.
- Viceroy do not believe straight-line rent is collectible given the financial state of MPW's tenants. A review of major tenants show substantially all of them appear to be distressed, and all appear to receive financial assistance from MPW in order to pay rent to MPW. This brings us to our final adjustment:
- Viceroy do not believe MPW's financial investments in unconsolidated operators and in JVs are of any value. We believe these investments largely constitute round-tripping of revenues.

Viceroy estimate MPW's LTV is ~85%.

2. The Customers – A Summary

Viceroy conducted background due diligence on dozens of MPW transactions. Substantially all of them looked uncommercial.

Several detailed case studies on various transactions are annexed to this report. Broadly, these case studies comprise most of MPW's major tenants, and are spread across various geographies. Viceroy have identified many further suspicious transactions however we simply do not have the capacity to cover all of them.

A brief overview of each transaction and their relevant Annexure is below:

Transaction & Annexure	Overview	Financial Impact
Wadley Regional Medical Centre **Annexure 1**	MPW committed \$169m to build a Steward facility which. Wadley Regional Medical Center and MPW, in its Q3 2022 interim report, said that it had already spent \$58m on the development. News stories, including a site visit in October 2022, show that the development site does not appear to have broken ground, and does not even have a site office. Local news agencies captured video of the site, which shows a sprawling bushland surrounded by temporary blue fencing.	**\$58m - missing**
Salt Lake City Portfolio **Annexure 2**	MPW loaned Steward \$1.4b to purchase a Salt Lake City Hospital operator IASIS and their portfolio of 19 hospitals. IASIS owned and operated 17 hospitals. A \$700m portion of this loan was immediately extinguished in exchange for 9 properties. The second \$700m loan was secured against only a further 2, leaving Steward with 7 properties courtesy of MPW at a value of \$750m.	**\$750m - overpayment**
Massachussetts Portfolio **Annexure 3**	In October 2016 MPW acquired 9 Massachusetts facilities from Steward: 5 of them outright for 600m, 4 for 600m in mortgage loans and 50m in equity contributions. In Q2, Q3 and Q4 2018 MPW extinguished the mortgages on these 4 facilities by taking ownership. Steward's 2018 financials show additional consideratio of \$42.8m was made. As part of the conversion there also appears to be a ping-pong exchange of the St Joseph Medical Centre which MPW acquired in September 2017. In March 2018 it sold the property to Steward for a \$148m mortgage, only to reacquire months later again in Q3 2018 for an extra \$15m.	**\$57.8m - overpayment**

Transaction & Annexure	Overview	Financial Impact
Colombia Hospitals **Annexure 4**	On November 17, 2020, MPW claims to have purchased 3 Colombian hospitals for $135m from local operator National Clinics Colombia an unnamed JV. Local filings suggest 2 of the 3 Colombian Hospital properties were sold for only ~$36m, which still represents 2-3x what Steward paid for these properties in preceding years. We believe ~$60m of the $135m total consideration for 3 Colombian hospitals is unaccounted for. While originally presented as an "investment", this was actaially a mortgage loan against the 3 properties.	**$60m overpayment**
Malta Hospitals **Annexure 5**	MPW invested $205m for a 49% stake in an unnamed JV with Steward & MPW management. It paid $205m for 3 hospitals worth $27m in Malta formerly operated by a group of businessmen under investigation for corruption. Steward reaped a $173m windfall and the $5m difference between MPW's acquisition loan and the price paid to Steward remains unaccounted for.	**$173m overpayment** **$5m missing**
Investment in Steward **Annexure 6**	In its 2018 annual report MPW disclosed a 9.9% equity stake in Steward valued at $150m, however as of its 2020 annual report MPW has declined to disclose the value of its stake which remains at 9.9%. This stake appears to be a result of the equity contributions from the Massachusetts and IASIS transactions MPW also made a $335m loan to Steward in January 2021 used to redeem a similarly sized loan from Steward's private equity sponsors, Cerberus . Cerberus had transferred its controlling stake to Steward management in exchange for a convertible note of unspecified size. If this $335m was the value of the 90% stake, then it values MPW's 9.9% stake in Steward at ~$36.85m. In 2019 MPW disclosed a $44m promissory note from Steward but would not reveal its size until its 2021 filings. The purpose of this note is not stated by MPW.	**$115m - overvaluation** **$44m - opaque loan**
Prospect **Annexure 7**	In 2019 MPW entered into a $113m promissory note with Prospect, payable in August 2022 or the sale-leaseback of the properties. Rhode-Island regulators approved Prospect's MBO contingent on the removal of the sale-leaseback option, effectively leaving MPW holding the bag.	**$113m unrecoverable**

Transaction & Annexure	Overview	Financial Impact
Priory Annexure 8	MPW financed acquisition of Priory by Waterland Private Equity with a £1,050m loan: £800m netted off against the purchase of 35 Priory properties and £250m acquisition loan against the same properties. Priory's seller, Acadia's filings suggest that all 279 of Priory's properties have a combined market value of only £925 million. It seems MPW believed the 35 properties were worth £800m. It is absurd to suggest that the remaining Priory business and a further 244 properties were worth only £250m. For MPW's financing to make any sense the entire Priory business less property would be valued at close to zero.	**~$600m - overpayment $? - investment in tenant**
Pipeline Health Annexure 9	MPW acquired 6 facilities from Pipeline Health for $215m on leaseback terms. Despite this short term liquidity, Pipeline nonetheless filed for bankruptcy. Bankruptcy filings show this requires MPW to sink $23.5m into new facilities & capex. Much of this appears to be offset from rent owed by Pipeline health, and will now form part of Lease Base calculations	**$215m - payment for hospital with bankrupt tenant $25m - capex investment in bankrupt tenant**

Also annexed to this report are several background checks on the remainder of MPWs largest tenants with whom they do not conduct transactions with (or at least, none that we could easily identify within the swamp of MPW transaction data).

Steward Health Care Financials - Viceroy Analysis	2017	2018	2019	2020
Revenues	3,705,641	626,189	6,727,521	5,413,904
Gross profit	(321,597)	(269,186)	125,313	(439,161)
Gross margin	-8.7%	-43.0%	1.9%	-8.1%
Net loss	(207,181)	(279,547)	82,493	(407,593)
Net margin	-5.6%	-44.6%	1.2%	-7.5%

Circle Health Holdings Financials - Viceroy Analysis (2020 & 2021 figures have removed BMI Healthcare)	2017	2018	2019	2020	2021
Revenues	100,882	100,728	102,894	121,147	96,526
Gross profit	29,948	29,506	30,835	(66,013)	(119,593)
Gross margin	30%	29%	30%	-54%	-124%
Net loss	(6,155)	(11,934)	(20,833)	(6,505)	(39,376)
Net margin	-6%	-12%	-20%	-5%	-41%
Free cash flow	(6,588)	(3,886)	(1,383)		

BMI Healthcare - Viceroy Analysis	2017	2018	2019	2020	2021
Revenues	886,947	1,313,265	918,149	863,729	955,116
Gross profit	323,622	456,819	357,747	278,397	325,715
Gross margin	36%	35%	39%	32%	34%
Net loss	(97,394)	(59,886)	14,326	(53,871)	(13,300)
Net margin	-11%	-5%	2%	-6%	-1%

Prospect Medical Holdings Financials - Viceroy Analysis	2017	2018	2019	2020
Revenues	2,538,695	2,766,929	2,487,156	2,733,388
Gross profit	72,220	(45,858)	206,445	(103,314)
Gross margin	2.8%	-1.7%	8.3%	-3.8%
Net loss	34,252	(244,165)	(137,718)	(99,610)
Net margin	1.3%	-8.8%	-5.5%	-3.6%

Swiss Healthcare - Viceroy Analysis	2017	2018	2019	2020	2021
Revenues	(109,154)	70,398	97,731	(10,525)	955,116
Gross profit	(88,869)	(58,625)	17,134	(53,771)	325,715
Gross margin	81%	-83%	18%	511%	34%
Net loss	-	-	-	1,734	(13,300)
Net margin	0%	0%	0%	-16%	-1%

3. Key Takeaways, Valuation & Credit Risk

- MPW has engaged in billions of dollars of uncommercial transactions with its tenants and their management teams in order to mask a pervasive revenue round-robin scheme and / or theft.
- The value of MPW's assets, as a result of capitalizing these uncommercial transactions, are massively overstated.
- MPW engaged in an aggressive, debt-fuelled roll-up strategy in order to affect these transactions. We believe the true value of MPW's LTV is ~85%, creating enormous credit risk.
- Many of MPW's tenants are severely distressed. This precedes the need to engage in revenue round-robin transactions.
- Financial accounting gimmicks ensure MPW's management are incentivised to continue engaging in uncommercial transactions and possible fraud. These align with management incentive schemes.

3.1 Valuation

In light of the above, it is incredibly difficult to assign a valuation to MPW as we believe investors are working with false information. We believe MPW presents enormous short-term downside. It is also incredibly difficult to for management to justify payment of dividends given its precarious financial position and incredible cash-burning furnace.

Viceroy have nonetheless recreated the copy-paste sell-side future FFO valuation model with some adjustments which we believe begin to illustrate the value-destructive nature of MPW's actions. We reiterate that these valuations are subject to management figures which we believe are incorrect and require audit scrutiny.

Medical Properties Trust - Viceroy Valuation $000's		Notes
Consensus 2023 FFO	1.78	
Straight-line rent reduction	(0.45)	25% off FFO
Round Trip Estimate	(0.89)	50% off FFO
Viceroy Adjusted FFO	**0.45**	

Figure 16 – Medical Properties Trust Viceroy Valuation

Viceroy's adjusted FFO per share removes the impact of straight-line rent (which has historically equated to ~25% of FFO). It also attempts to remove the impact of MPW's round-robin transactions (50% is generous to MPW[7]).

Medical Properties Trust - Viceroy Valuation Range	Multiple	Valuation ($/share)	Downside
Bullish	10.00	4.45	**-67%**
Mid	8.75	3.89	**-71%**
Bearish	7.50	3.34	**-75%**
Stock Price @ 24 Jan 2023	13.48		
Current Multiple on consuensus 2023 FFO	7.57		

Figure 17 – Medical Properties Trust Viceroy Valuation

Around current forwards FFO multiples, we deduce a short-term downside of ~67% - 75%.

Viceroy will consider a review this price target after a thorough investigation of MPW's dealings, specifically surrounding the quantum uncommercial dealings.

It is important to note that this valuation does not consider that MPW is subject to immense credit risk. It has played an aggressive, debt-fuelled roll-up strategy in a zero-interest bull-market. It has had the best economic conditions of all time to fester into one the largest financial disasters to plague the USA – and indeed global – medical industry.

Over the last 6 months, this environment has changed drastically. MPW is overburdened. The fat lady is about to sing. Please take your seats.

[7] The quantum of round-robin transactions typically exceeds FFO. We believe a 50% haircut is generous.

3.2 Credit Risk

In December 2022, S&P placed MPW on downgrade watch. It already sits below investment grade at BB+[8]. S&P notes MPW's enormous exposure to Steward as the main reason for concern.

Medical Properties Trust Ratings Placed On Watch Negative On Increased Exposure To Pressured Tenant Steward Health Care

Figure 18 – Medical Properties Trust Ratings Placed On Watch Negative

We believe S&P will be subject to downgrades following investigations into round-tripping transactions with many of is tenants, and an investigation into their wellbeing. This will deteriorate MPW's ability to obtain cheap financing.

Medical Proerties Trust - Debt Overview						
Issuer	**ISIN**	**Maturity Date**	**Security Type**	**Coupon Rate (%)**	**Currency**	**$000's ****
MPT Operating Partnership, L.P.	XS2390849318	15/10/2026	Corporate Debentures	0.993	EUR	543,478
MPT Operating Partnership, L.P.	US55342UAH77	15/10/2027	Corporate Debentures	5	USD	1,400,000
MPT Operating Partnership, L.P.	XS2085724073	5/12/2023	Foreign Currency Debenture	2.55	GBP	494,945
Medical Properties Trust, Inc.		1/02/2024	Revolving Credit	Variable	USD	920,245
Medical Properties Trust, Inc.		1/02/2026	Term Loans	Variable	USD	200,000
MPT Operating Partnership, L.P.	US55342UAM62	15/03/2031	Corporate Debentures	3.5	USD	1,300,000
MPT Operating Partnership, L.P.	XS1523028436	24/03/2025	Foreign Currency Debenture	3.325	EUR	543,478
MPT Operating Partnership, L.P.	XS2322419776	24/03/2026	Foreign Currency Debenture	2.5	GBP	618,682
MPT Operating Partnership, L.P.	XS2322420352	24/04/2030	Corporate Debentures	3.375	GBP	433,077
MPT Operating Partnership, L.P.	XS2085724156	5/06/2028	Foreign Currency Debenture	3.692	GBP	742,418
MPT Operating Partnership, L.P.	US55342UAG94	1/08/2026	Corporate Debentures	5.25	USD	500,000
MPT Operating Partnership, L.P.	US55342UAJ34	1/08/2029	Corporate Debentures	4.625	USD	900,000
**Native currency						

Figure 19 – MPW Outstanding Maturities[9]

We also note that, per Section XX of this report, we believe MPW's LTV is closer to 85%. Even without adjustments, MPW presents an LTV of ~53%. This is extremely high. Again, bondholders will be incredibly displeased if MPW continues to pay dividends given these findings.

Medical Proerties Trust - LTV Calc			
$000's	**Q3 2022**	**Adjustments**	**Viceroy LTV**
Net debt			
Debt	(9,476,144)		(9,476,144)
Cash & equivalents	299,171		299,171
Accounts payavle & accrued expenses	(569,017)		(569,017)
Interest & rent receivables	117,555		117,555
Deferred revenue	(18,569)		(18,569)
Obligations to tenants & other lease liabilities	(146,438)		(146,438)
Normalized FFO - Management	**(9,793,442)**	**-**	**(9,793,442)**
Assets			
Net Investment in real estate assets	14,264,905	(3,566,226)	10,698,679
Straight-line rent receivables	710,082	(710,082)	-
Investments in unconsolidated real estate operating entities / JVs	2,850,071	(2,850,071)	-
Other loans	200,245		200,245
Other assets***	601,387		601,387
Asset base	**18,626,690**	**(7,126,379)**	**11,500,311**
LTV	**52.58%**		**85.16%**

Figure 20 – Viceroy Analysis

We believe MPW poses serious credit risks to its bondholders, who should scrutinize MPW's various acquisitions and ascertain true valuations for its property portfolio in order to properly account for:

- Pervasive overpayments of assets & real estate;
- Revenue round-tripping transactions; and
- Straight-line revenue deferrals provisions to distressed clients.

[8] https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/2932303
[9] S&P Market Intelligence.

Annexure 1 – Wadley Regional Medical Centre - Texas

MPW committed $169m to build a Steward facility which, according to MPW, commenced works in Q4 2021

estate gain of nearly $44 million;

- Commenced in the fourth quarter the construction of a replacement hospital for Steward Health Care System's ("Steward") **Wadley Regional Medical Center** in *Texarkana, TX* for a total expected investment of roughly $169 million;

Figure 21 – MPW Q4 2021 announcement

Wadley Regional Medical Center and MPW, in its Q3 2022 interim report, said that it had already spent $58m on the development.

SUMMARY OF CURRENT DEVELOPMENT PROJECTS AS OF SEPTEMBER 30, 2022

(Amounts in thousands)

Operator	Location	Commitment	Costs Incurred as of September 30, 2022	Estimated Commencement Date
Steward Health Care	Texas	$ 169,408	$ 57,911	Q4 2025

Figure 22 – MPW Q3 2022 Supplemental Information[10]

However, a news story from late October shows that the development site does not appear to have broken ground and does not even have a site office.

Local news agencies captured video of the site, which shows a sprawling bushland surrounded by temporary blue fencing.

Figure xx – Screen Capture – KSLA News 12 site visit to Wadley Regional Medical Centre[11]

The latest news was in January 2023 after Steward replaced its general contractor Hoar with Robins & Morton. The completion date is now expected to be complete in late 2025, instead of its original date of Summer 2024[12,13,14].

What has the $58m been spent on?

[10] https://www.medicalpropertiestrust.com/supplementals-reports
[11] https://www.ksla.com/2022/10/20/construction-apparently-paused-texarkana-hospital/
[12] https://www.wadleyhealth.org/wadley-regional-northwest-texarkana
[13] MPW Q3 2022 Earnings Call
[14] https://www.1017hotfm.com/news/news-of-the-ark-la-tex/steward-health-care-robins-and-morton-sign-for-construction-of-wadley-facility/

Annexure 2 – Massachusetts

In October 2016 MPW acquired 9 Massachusetts facilities from Steward: 5 of them outright for 600m, 4 for 600m in mortgage loans and 50m in equity contributions.

On October 3, 2016, we closed on a portfolio of nine acute care hospitals in Massachusetts operated by Steward. Our investment in the portfolio includes the acquisition of five hospitals for $600 million, the making of

$600 million in mortgage loans on four facilities, and a $50 million minority equity contribution in Steward, for a combined investment of $1.25 billion. The five facilities acquired are being leased to Steward under a master lease agreement that has a 15-year term with three 5-year extension options, plus annual inflation-based escalators. The terms of the mortgage loan are substantially similar to the master lease.

Figure 23 – MPW 2017 Annual Report

Uncommercial fair value mark-ups

In Q2, Q3 and Q4 2018 MPW extinguished the mortgages on the 4 facilities by taking ownership, along with an unnamed cash consideration[15]. Steward's 2018 financials show this was $42.8m.

During 2018, we acquired the fee simple real estate of five general acute care hospitals, four of which are located in Massachusetts and one located in Texas, from Steward Health Care System LLC ("Steward") in exchange for the reduction of $764.4 million of mortgage loans made to Steward in October 2016 and March 2018, along with additional cash consideration. These properties are being leased to Steward pursuant to the original master lease from October 2016 that had an initial 15-year term with three five-year extension options, plus CPI increases.

In 2018, the real property associated with the 2016 Mortgages was sold to MPT in exchange for $42.8 million in cash and the repayment of the 2016 Mortgages. The system simultaneously entered into leases with MPT under the MPT Master Lease Agreement for the four hospital campuses that were sold. As a result, approximately $3.5 million of previously capitalized debt issuance costs were written off as additional interest expense in 2018.

Figures 24 & 25 – MPW 2018 Annual Report & Steward 2018 Annual Report

Ping Pong St Joseph

As part of the conversion there also appears to be a ping-pong exchange of the St Joseph Medical Centre which MPW acquired in September 2017. In March 2018 it sold the property to Steward for a $148m mortgage, only to reacquire months later again in Q3 2018. We believe this was done intentionally to muddy the waters.

Disposals

On March 1, 2018, we sold the real estate of St. Joseph Medical Center in Houston, Texas, for approximately $148 million to Steward Health Care System LLC ("Steward"). In return, we received a mortgage loan equal to the purchase price, with such loan secured by the underlying real estate. The mortgage loan has terms consistent with the other mortgage loans in the Steward portfolio. This transaction resulted in a gain of $1.5 million, offset by a $1.7 million non-cash charge to revenue to write-off related straight-line rent receivables on this property.

Figure 26 – MPW 2018 Annual Report

As part of the IASIS deal in September 2017 in which St Joseph's was acquired, $15m of additional cash was paid to Steward by MPW. This is recognized in Steward's accounts as an "additional to the loan bases for the 2016 mortgages" and the $115m (not the previously stated $100m) in cash consideration of the IASIS merger.

On September 29, 2017, the System completed the IASIS Merger by acquiring all of the outstanding shares of IASIS Healthcare Corporation.

Cash provided by Steward totaled $419.2 million. Additional cash consideration received from by MPT approximated $115 million toward the merger partially in exchange for equity interests in Steward.

Massachusetts, among other items. On September 29, 2017, the date of the IASIS Merger, Steward entered into a Joinder and Amendment to Real Estate Loan Agreement (the Mortgage Joinder) that amended the 2016 Mortgages. As a result of this Mortgage Joinder, additional loan proceeds totaling $700 million were provided simultaneously with the IASIS Merger (the 2017 Mortgages) to retire outstanding debt of IASIS. Additionally, $15 million was added to the loan bases for the 2016 Mortgages. The 2017 Mortgages were secured by the real property associated with hospital

Figures 27 & 28 – MPW 2018 Annual Report

The St Joseph ping-pong transaction allowed MPW to funnel an extra $15m in cash to Steward hence the total mortgage loan reduction of $764.4m: $600m for the 2016 mortgages, $148m for St Joseph's and the leftover $15m and change.

[15] $14.4m disclosed in Q2, the amount is unspecified in later disclosures

Annexure 3 – Salt Lake City Portfolio

In 2017, MPW loaned Steward $1.4b to purchase a Salt Lake City Hospital operator IASIS and their portfolio of 19 hospitals. It also made a further $100m minority interest equity contribution in the transaction. IASIS owned and operated 17 hospitals.

Steward Transactions

On September 29, 2017, we acquired, from IASIS Healthcare LLC ("IASIS"), a portfolio of ten acute care hospitals and one behavioral health facility, along with ancillary land and buildings that are located in Arizona, Utah, Texas, and Arkansas. The portfolio is now operated by Steward which separately completed its acquisition of the operations of IASIS on September 29, 2017. Our investment in the portfolio includes the acquisition of eight acute care hospitals and one behavioral health facility for approximately $700 million, the making of $700 million in mortgage loans on two acute care hospitals, and a $100 million minority equity contribution in Steward, for a combined investment of approximately $1.5 billion.

Figure 29 – MPW 2017 Annual Report

A $700m portion of this loan was immediately extinguished in exchange for 9 properties.

The remaining $700m was a mortgage loan against 2 unnamed properties: Jordan Valley Medical Center and Davis Hospital & Medical Center.

On July 8, 2020, we acquired the fee simple real estate of two general acute care hospitals located in the Salt Lake City, Utah area, Davis Hospital & Medical Center and Jordan Valley Medical Center, in exchange for the reduction of the mortgage loans made to Steward for such properties and additional cash consideration of $200 million based on their relative fair value. The approximate $950 million investment in these two facilities is now subject to the Steward master lease that has an initial fixed term ending in October 2031 with multiple extension options and annual escalation provisions.

Real Estate Loan Agreement and Sale of Property

At December 31, 2019, the System held mortgage agreements with MPT related to the real property of two acute care hospital campuses. On July 2, 2020, the System sold the real property of the two acute care hospital campuses to a joint venture, of which MPT is the majority owner. The System subsequently leased the property from the joint venture. Due to specified forms of continuing involvement, under the provisions of Accounting Standards Codification Topic 840-40, Leases – Sale-Leaseback Transactions, the System is required to continue to capitalize the real estate and to recognize an obligation for the sales proceeds received. The System recognized an initial obligation of $937.2 million, which included the former mortgage obligations of $737.2 million as well as $200.0 million in sale proceeds. The obligation will be amortized

Figures 30 & 31 – MPW 2020 Annual Report and Steward Health Care 2019 Annual Report

On July 8, 2020, MPW acquired the Jordan Valley Medical Center and Davis Hospital & Medical Center in exchange for a total extinguishment of the loan and an additional $200m cash payment it labelled a fair value increase.

Jordan Valley Medical Centre and Davis Hospital & Medical Centre were certainly not the largest hospitals in this portfolio.

Hospital	Location	Licensed # of Beds
Davis Hospital and Medical Center	Layton, UT	220
Jordan Valley Medical Center	West Jordan, UT	172
Jordan Valley Medical Center—West	West Valley, UT	102
Mountain Point Medical Center	Lehi, UT	40
Salt Lake Regional Medical Center	Salt Lake City, UT	158
Mountain Vista Medical Center	Mesa, AZ	178
St. Luke's Medical Center	Phoenix, AZ	200
St. Luke's Behavioral Health Center	Phoenix, AZ	124
Tempe St. Luke's Hospital	Phoenix, AZ	87
Odessa Regional Medical Center	Odessa, TX	225
Southwest General Hospital	San Antonio, TX	327
St. Joseph Medical Center	Houston, TX	790
The Medical Center of Southeast Texas	Port Arthur, TX	199
The Medical Center of Southeast Texas—Victory	Beaumont, TX	17
Wadley Regional Medical Center	Texarkana, TX	370
Glenwood Regional Medical Center	West Monroe, LA	278
Wadley Regional Medical Center	Hope, AR	79
Pikes Peak Regional Hospital	Woodland Park, CO	15
		3,581

Figure 32 – Steward Health Care Annual Report 2018

The first $700m loan was exchanged for 9 properties, and the second $700m loan was secured against a further 2, but Iasis owned and operated 18 facilities in total at the time of acqusition. Steward basically received 7 of them for free.

> *Steward Transactions*
>
> On September 29, 2017, we acquired, from IASIS Healthcare LLC ("IASIS"), a portfolio of ten acute care hospitals and one behavioral health facility, along with ancillary land and buildings that are located in Arizona, Utah, Texas, and Arkansas. The portfolio is now operated by Steward which separately completed its acquisition of the operations of IASIS on September 29, 2017. Our investment in the portfolio includes the acquisition of eight acute care hospitals and one behavioral health facility for approximately $700 million, the making of $700 million in mortgage loans on two acute care hospitals, and a $100 million minority equity contribution in Steward, for a combined investment of approximately $1.5 billion.

> At the time of the completion of the IASIS Merger, IASIS owned and operated seventeen hospitals, one behavioral health hospital, and several affiliated outpatient service facilities and physician clinics. The hospitals acquired include:

Figures 33 & 34 – MPW Annual Report 2017 & Steward Annual Report 2017

On a back-envelope, per-beds basis, we estimate that the purchase price of Jordan Valley Medical Centre and Davis Hospital & Medical Centre was ~$196m[16]. Given Steward is running its hospitals business to the ground, we do not believe any fair value adjustment is warranted. We believe MPW must take a $700m write off on this transaction alone representing the $950 mortgage and payment less a conservative $250m for the value of Jordan Valley and Davis.

The pattern in the Masschusetts portfolio of increasing loans continued with the Salt Lake City portfolio with Steward adding a further $27m in Q4 2018.

> 2016 Mortgages. The 2017 Mortgages were secured by the real property associated with hospital campuses located in Utah acquired as part of the IASIS Merger. On November 30, 2018, Steward entered into amendments to the 2017 Mortgages increasing the principal amount of these mortgages by $27 million. The 2017 Mortgages bear the same interest rate as the 2016 Mortgages of 7.5% for 2018. All payment terms and the maturity date of October 31, 2031 are identical to the 2016 Mortgages as a result of the Mortgage Joinder

Figure 35 – Steward 2018 Annual Report

The FTC has blocked Steward's sale of operations in Utah to HCA Healthcare on the grounds of maintaining competition in the area[17].

[16] Iasis PPE balance of $1.79b, portfolio beds of 3,581

[17] https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-sues-block-merger-between-utah-healthcare-rivals-hca-healthcare-steward-health-care-system

Annexure 4 – Colombia

Colombia is a textbook example of MPW's opacity in its dealings with Steward.

On November 17, 2020, MPW claims to have invested in 3 Colombian hospitals for $135m from local operator National Clinics Colombia (NCC) through an unnamed JV[18]. The hospitals acquired were Clinica Centenario, Clinica Los Nevados and Clinica San Rafael.

- In reality the JV Cordiant Health Care acquired the first 2 hospitals and the only the real estate to San Rafael, entering into a collaboration agreement with San Rafael[19].

On November 17, 2020, we invested in the real estate of three general acute care hospitals in Colombia for approximately $135 million. These properties will be operated by the new international joint venture discussed below.

Figure 36 – MPW 2020 Annual Report

Local filings show Cordiant paid NCC COP134.93b ($39.45m) for NCC's operations but notes that NCC did not own the real estate to San Rafael. NCC had engaged in sale-and-leaseback transaction with GSRVC for its San Rafael hospital for in 2016[20]. The 2019 sale-leaseback liability on NCC's book amounts to COP112b ($34.15m) and the JV would have had to purchase this property separately.

1.2 Acuerdo de Venta de Acciones

El 30 de Julio 2020 se firmó el acuerdo de Compraventa "Share Purchase Agreement" entre National Clinics Colombia S.A.S (NCC) como vendedor y Cordiant Health Services Colombia S.A.S como comprador; la transacción contempló: (i) la venta de los intangibles poseídos por la sociedad (derecho de nombrar miembros de Junta Directiva del Hospital Universitario Clínica San Rafael - HUSCR y cesión del acuerdo de colaboración entre National Clinics Colombia y el Hospital Universitario Clínica San Rafael) por $123,438,780 y (ii) la venta por parte de NCC del 100% de las acciones de Capital que se poseían en National Clinics Centenario S.A.S. y National Clinics Nevados S.A.S, por $11,498,586.

Adicionalmente los inmuebles donde opera National Clinics Centenario, National Clinics Nevados y el Hospital Universitario Clínica San Rafael debían ser parte de la transacción, aunque NCC no fuera dueño de los inmuebles. La venta de estos inmuebles debía hacerse de manera simultánea a la venta de los activos de NCC.

On July 30, 2020, the Share Purchase Agreement was signed between National Clinics Colombia S.A.S (NCC) as seller and Cordiant Health Services Colombia S.A.S as buyer; The transaction contemplates: (i) the sale of intangible assets owned by the company (right to appoint members of the Board of Directors of the Hospital Universitario Clínica San Rafael - HUSCR and assignment of the collaboration agreement between National Clinics Colombia and the Hospital Universitario Clínica San Rafael) for $123,438,780 and (ii) the sale by NCC of 100% of the Capital shares held in National Clinics Centenario S.A.S. and National Clinics Nevados S.A.S, for $11,498,586.
*Additionally, the properties where National Clinics Centenario, National Clinics Nevados and Hospital Universitario Clínica San Rafael operate were to be part of the transaction, **even though NCC was not the owner of the properties**. The sale of these properties was to be done simultaneously with the sale of NCC's assets.*

Figure 37 & Tramslation– National Clinics Colombia Annual Report 2020 & Translation[21]

Local news reports show that one of the hospitals, Los Nevados, was severely damaged in an earthquake and needed extensive repairs. The hospital appears to remain closed according to google reviews and local press and Steward Colombia's page on Los Nevados is "under construction"[22].

MPW's $135m investment was actually a $135m mortgage loan on the properties[23]. These details raise the question: what was the $135m spent on? This transaction MUST be scrutinized by investors and regulators:

- NCC filings show its operations, and two Colombian hospital properties were sold for only ~$40m.
- We believe a sale of San Rafael for the remaining $95m is unlikely considering it would constitute a 2.8x in increase in value in 4 years during a weakening exchange rate.
- The ownership structure of the Colombian hospitals suggest it is owned and/or controlled by Steward and/or its executives, not by MPW.

We believe a write-off of ~$60m is required for this transaction alone ($135 less $40m for NCC and $35m from San Rafael).

[18] https://www.toprankedlegal.com/press-release/medical-properties-trust-and-steward-health-care-to-enter-into-the-colombian-health-care-market-with-the-acquisition-of-clinics-operated-by-national-clinics/
[19] https://www.beckershospitalreview.com/hospital-transactions-and-valuation/steward-acquires-3-hospitals-in-colombia.html
[20] https://www.prnewswire.com/news-releases/rizk-ventures-announces-healthcare-real-estate-sale-leaseback-transaction-of-san-rafael-hospital-in-bogota-colombia-300286010.html
[21] Emphasis ours, all figures in 000's Colombian pesos
[22] https://forbes.co/2020/11/25/negocios/el-millonario-plan-de-steward-health-care-en-colombia-tras-la-compra-de-tres-hospitales/
[23] MPW 2020 Annual Report pg 116

Annexure 5 – Malta

In Q2 2020, MPW invested $205m for a 49% stake in an unnamed JV with Steward and MPW management, paying $205m for assets worth $27m and funneling $173m of cash into Steward. The assets purchased were 3 hospitals in Malta formerly operated by a group of businessmen under investigation for corruption.

> **(6) Related Party Transaction**
>
> On May 11, 2020, there was a related party transaction involving Steward Health Care International Holdings Ltd ("Steward International"), the System's international operations. Steward International was transferred to a company owned by certain of the System's management equity holders and Medical Properties Trust, Inc. (MPT). The System received $200.0 million in cash for the sale of Steward International. Total assets sold by the System were approximately $27.0 million, resulting in a net cash contribution from the management equity holders of $173.0 million to the System. The transaction has been accounted for as a related party transaction and is shown as a contribution to equity on the accompanying consolidated statement of changes in members' deficit of $130.5 million after taking into account the tax impact of the contribution.

Figure 38 – Steward Health Care 2020 Annual Report

MPW were vague about the deal and for good reason: the hospitals purchased in Malta were the Vitals Global Healthcare group of hospitals in Malta purchased by Steward in 2017[24].

- Vitals sold their concession to Steward for a nominal €1 after paying out huge bonuses to executives and doing nothing to develop the hospitals, the entire premise of the concession[25]. Former Vital's CEO Armin Ernst was found to have worked at both Steward and Vitals at the time the sale was being negotiated[26] with Malta's Health Minister Chris Fearne stating it was Ernst's idea that Steward purchase the concession[27].
- Vitals had no experience in healthcare, but was awarded an €7b, 30-year concession to operate the Gozo, St Luke, and Karin Grech hospitals in 2015 before going bankrupt in 18 months after taking €51m of Maltese taxpayer's money and €55m in debt.
- Steward International's business development director, Asad Ali, was involved in the tender from the outset. Ali was a shareholder of Pivot Holdings signatory to the original MOU in October 2014. Former Maltese government officials are under investigation in the matter. Shaukat Ali Abdul Gafoor, a relation of Asad, has continued work on behalf of Steward and is also alleged to be another member of the Vitals organization.
- Steward has failed to meet its obligations and is now attempting to renegotiate with the Maltese government. Reporting shows the hospitals in an advanced state of disrepair with Steward claiming that until its agreements are renegotiated, no further works will be done[28,29].

A full summary of the Vitals saga is beyond the scope of this report. The Shift News has a complete summary of the affair at the link below[30].

> MPT closed in mid-May on a $205 million investment to own 49% of a joint venture with Steward CEO and Founder Dr. Ralph de la Torre and members of his management team organized to invest in select international hospitals. The distinct entity simultaneously purchased from Steward the rights and existing assets related to all present and future international opportunities previously owned by Steward for strategic, regulatory, and risk management purposes. In a transaction expected to close in the fourth quarter, MPT expects to invest $100 million in a portfolio of three hospitals in underserved areas of Colombia to be operated by the new joint venture.

Figure 39 – Medical Properties Trust, Inc. Reports Second Quarter Results

In summary, MPW paid $205m to a JV owned by MPW management, Steward Management and MPW. Of this, $200m was paid to acquire Steward International with total assets of $27m, mostly 3 controversy-laden hospitals in a politically charged setting. Steward reaped a $173m windfall and the $5m difference between MPW's acquisition loan and the price paid to Steward remains unaccounted for.

[24] https://www.maltatoday.com.mt/news/national/83233/vitals_selling_malta_hospitals_concession_american_steward_healthcare#.YS3rAI4zaUk
[25] https://www.maltatoday.com.mt/news/national/100594/vitals_global_healthcare_boss_ram_tumuluri_paid_himself_5_million_bonus#.YP5w_Y4zaUk
[26] https://timesofmalta.com/articles/view/vitals-ceo-profile-says-he-worked-simultaneously-for-new-concession.666264
[27] https://timesofmalta.com/articles/view/ex-vitals-ceo-is-now-president-of-steward.667175
[28] https://theshiftnews.com/2022/07/04/in-pictures-the-hospitals-managed-by-steward-healthcare-from-bad-to-worse/
[29] https://theshiftnews.com/2022/07/22/while-maltas-hospitals-deteriorate-steward-healthcare-insists-on-renegotiation-of-concession-terms/
[30] https://theshiftnews.com/2019/10/24/the-big-pay-off-a-key-hidden-investor-in-vitals-global-healthcare/

Annexure 6 – Investment in Steward

MPW has also directly invested in Steward.

In its 2018 annual report MPW disclosed a 9.9% equity stake in Steward valued at $150m, however as of its 2020 annual report MPW has declined to disclose the value of its stake which remains at 9.9%. This stake appears to be a result of the equity contributions from the Massachusetts and IASIS transactions.

> the master leased properties, cross default provisions for the leases, and a right of first refusal for the repurchase of the leased properties. The master loan agreement has independent extension options for each property and does not provide comparable cross default provisions. At December 31, 2018, we hold a 9.9% equity investment in Steward for $150 million.

> opportunities for participation in the value of Steward's growth. All of the proceeds from this loan were used to redeem a similarly sized convertible loan from Steward's former private equity sponsor. Finally, we hold a 9.9% equity investment in Steward.

Figures 40 & 41 – MPW 2018 & 2021 Annual Reports, respectively

MPW also made a $335m loan to Steward in January 2021 used to redeem a similarly sized loan from Steward's private equity sponsors, Cerberus[31].

> On January 8, 2021, we made a $ 335 million loan to affiliates of Steward, all of the proceeds of which were used to redeem a similarly sized convertible loan from Steward's former private equity sponsor.

Figure 42 – MPW 2021 Annual Financial Statement Extract

Cerberus had transferred its controlling stake to Steward management in exchange for a convertible note of unspecified size[32,33]. If this $335m was the value of the 90% stake, then it values MPW's 9.9% stake in Steward at ~$36.85m.

In 2019 MPW disclosed a $44m promissory note from Steward but would not reveal its size until its 2021 filings. The purpose of this note is not stated by MPW.

> or none of the master leased properties and a right of first refusal for the repurchase of the leased properties. In addition to the master lease, we hold a promissory note which consists of three tranches with varying terms and a 9.9% equity investment in Steward.

Figure 43 – MPW 2019 Annual Financial Statement Extract

---

[31] Q1 2022 Page 16

[32] https://www.bizjournals.com/boston/news/2020/06/02/steward-buys-out-cerberus-capital.html

[33] https://www.wsj.com/articles/pe-backed-hospital-chain-got-help-from-major-landlord-as-losses-mounted-11624014000

Annexure 7 – Prospect Transaction(s)

Prospect is a private-equity fueled roll-up of hospitals which engaged MPW for large-scale sale and leaseback transaction. Management has recently been the subject of scrutiny for the state it has left Prospect prior to engaging in a minority interest MBO.

This is because Prospect was borderline bankrupt and had landed itself in this position by selling off assets to MPW and paying its shareholders enormous dividends with the proceeds.

Background

A Prospect investor consortium are proposing to sell their combined 66% stake to its remaining 34% owners, Samuel Lee and David Topper, for $11.9 million. As this represents a change of control, Lee and Topper have to seek approval from the various states where Prospect has hospital facilities. The last state where approval was pending was Rhode Island, where the MBO faced concerted opposition.

This is because Prospect was borderline bankrupt and had landed itself in this position by selling off assets to MPW and paying its shareholders enormous dividends at the expense of the state.

> Our investigation revealed a company whose principals and investors have issued millions of dollars in dividends from a business responsible for the safety-net hospitals and services they own, which has translated into debt held by the entire system, such that liabilities now exceed assets by over $1 billion. In an ever-changing healthcare market, this debt-to-asset ratio raises a concern for the Attorney General that the national company that owns these Rhode Island Hospitals can become unstable, disrupting and even threatening Rhode Island's third largest hospital system. In other words, PMH is a system that is at risk of developing a lack of financial ability to respond to the volatility of the healthcare market, putting every hospital in its system including our Rhode Island Hospitals at risk of reduction in services, sale, or closure.

Figure 44 – Statement from Rhode Island Attorney General[34]

There are a number of documents – particularly those relating to MPW's transactions with Prospect in 2019 – that were agreed by the State of Rhode Island Attorney General to be commercially confidential. These documents have not been publicized. However, there is a

- a list of the confidential documents
- a list of questions asked by the RIAG following a review of the confidential documents; and
- a report by RIDH's financial adviser PYA, who had access to the confidential documents

[34] https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect_Chamber_Ivy_AG_HCA_Decision.pdf

Leaseback Transaction

In August 2019, Prospect closed a $1.4b sale-leaseback transaction with MPW. As a result of the sale lease back transaction, Prospect actually has higher expenses from rent versus its previous debt service, which crippled the business[35].

- On August 23, 2019, PMH closed a series of transactions with MPT, a publicly traded REIT, whereby PMH sold to MPT hospital real estate assets in California, Connecticut, and Pennsylvania for an aggregate purchase price approximating $1.386 billion[7]. Proceeds from the sale were utilized, in part, to extinguish the long-term debt assumed in FY2018. Concurrent with the real estate transactions, PMH entered into two master lease agreements whereby the assets sold to MPT were leased back for an initial 15-year term with options to extend. These long-term lease arrangements are recorded on the PMH balance sheet as liabilities. No Rhode Island facilities were included in the MPT sale/leaseback transactions. In addition to this sale/leaseback transaction and other transactions between MPT and PMH involving PMH real property assets, MPT and PMH entered into the aforementioned TRS Note which can be satisfied, among other alternatives, by entering into a sales/leaseback transaction for the PCC facilities.

Figure 45 – PYA Financial Analysis of Prospect

Substantial portions of the proceeds from this transaction were used to pay Prospect shareholders dividends. Prospect's leverage position. Leverage actually *increased* in the year of the transaction.

The Rhode Island Attorney General's investigation of Prospect's financials show clear signs of distress including a negative equity value of >$1b, negative operating income and negative free cash flows (ex-sale of assets).

Table 5

(Dollars in Thousands)	FY2017	FY2018	FY2019	FY2020
Income Statement				
Total Net Revenue	$ 2,914,497	$ 2,893,888	$ 2,849,198	$ 2,733,388
Total Operating Expenses	2,847,665	2,888,619	2,853,052	2,836,702
Net Operating Income (Loss) before grants and investments	66,832	5,269	(3,854)	(103,314)
Net Income (Loss)	34,252	(244,165)	(297,736)	(99,610)
EBITDA	212,344	36,512	(48,613)	89,762
Balance Sheet				
Total Assets	1,862,400	1,818,633	1,866,367	2,042,389
Total Liabilities	1,795,084	2,440,982	2,836,427	3,102,004
Total Stockholders Equity (Deficit)	67,316	(622,349)	(970,060)	(1,059,615)
Net Working Capital Surplus (Deficit)	27,932	(136,886)	58,335	130,032

(Dollars in Thousands)	FY2017	FY2018	FY2019	FY2020
Cash Flow Statement				
Cash from Operating Activities	$ 50,239	$ (5,962)	$ (71,448)	$ 412,236
Cash from Investing Activities	(90,461)	(108,799)	(65,587)	(4,670)
Cash from Financing Activities	37,744	95,346	181,432	(72,833)
Liquidity				
Total Cash	27,109	7,694	52,091	386,824
Available Line of Credit	29,900	41,000	175,600	210,800

Figure 46 – PYA Financial Analysis of Prospect[36]

MPW also held a promissory note for $113m secured against Prospect's Rhode Island properties. The note's maturity was set for August 2022 or the sale-leaseback of the properties, effectively a delayed sale-leaseback agreement.

Additionally, the Company entered into a promissory note (the "TRS Note"), under which MPT has advanced to the Company $112,937,000 related to and secured by the value of the properties in Rhode Island. The interest on this note is 7.5% per annum and is subject to annual escalation of consumer price index, limited to a minimum of 2% and a maximum of 4%. The maturity date of this note is the earlier of August 2022 or the conversion to and sale-leaseback of the properties in Rhode Island. The balance due under this note is reflected in long term debt in the accompanying consolidated financial statements (see Note 9).

Figure 47 – Prospect Medical Holdings Annual Report 2019

We note that in its 2019 Annual Report Prospect Medical Holdings discloses a "current portion of MPT liabilities" of $43m.

This seems to have backfired with Rhode Island regulators' approval of Prospect's MBO on the condition that this $113m loan be extended by 5 years with the removal of the sale-and-leaseback option. This effectively leaves MPW holding the bag as Prospect are prohibited from repaying the note the only way possible.

[35] Prospect Financial Statements 2018/2019
https://pestakeholder.org/broken-promises-rhode-island-regulators-question-leonard-greens-investment-in-prospect-medical-holdings/#_edn30

[36] https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect_Chamber_Ivy_AG_HCA_Decision.pdf

• PMH must extend the payment date of a $113 million loan by five years and remove the sale and lease back of the Rhode Island hospitals as an option to pay back that loan during that time. Further, any transfer of assets or financial encumbrances on the Rhode Island hospitals beyond the five years, including a sale/leaseback, must be approved by the Attorney General.

Figure 48 – Attorney General imposes unprecedented conditions on hospital ownership change to ensure future operations[37]

Crucially, there is conflicting information as to whether – even if all relevant conditions are met – the $113m TRS note is actually secured against the relevant hospital properties.

Never one to let circumstances stop them throwing good money after bad, MPW made a $100m mortgage loan to Prospect, secured against a California hospital, in Q2 2022 for unspecified reasons. We doubt the collectability of this loan.

	For the Six Months Ended June 30, 2022	2021
Land and land improvements	$ 34,204	$ 345,039
Buildings	290,256	825,322
Intangible lease assets — subject to amortization (weighted-average useful life of 20.1 years for 2022 and 45.0 years for 2021)	16,949	96,455
Mortgage loans(1)(2)	100,000	1,090,400
Investments in unconsolidated real estate joint ventures	399,456	—
Investments in unconsolidated operating entities	131,105	845,646
Liabilities assumed	(25,727)	(65,411)
	946,243	3,137,451
Loans repaid(1)	—	(1,090,400)
Total net assets acquired	$ 946,243	$ 2,047,051

(1) The 2021 column includes an £800 million mortgage loan advanced to the Priory Group ("Priory") in the first quarter of 2021 and converted to fee simple ownership of 35 properties in the second quarter of 2021 as described below.

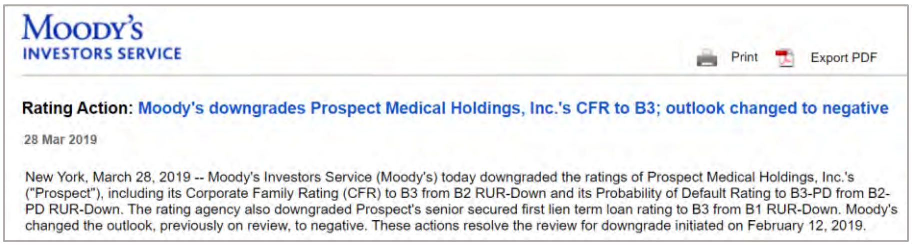
(2) In the 2022 second quarter, we increased our mortgage loan to Prospect Medical Holdings, Inc. ("Prospect") that was originated in 2019 and that is secured by a first lien on a California hospital. The loan bears interest at a current market rate plus a component of additional interest upon repayment, which is anticipated during the fourth quarter.

Figure 49 – MPW Q2 2022 10-Q

[37] https://riag.ri.gov/press-releases/attorney-general-imposes-unprecedented-conditions-hospital-ownership-change-ensure

Future Prospects

Beyond its dire financial situation Prospect's credit rating is in the toilet after a series of bond issuances that prompted Moody's to downgrade their credit rating to junk status in March 2019 citing poor liquidity outlook and leverage levels[38]. The sale-and-leaseback agreement with MPW failed to materially change Moody's view on their "continuing operating challenges and lease-adjusted leverage"[39].


MOODY'S
INVESTORS SERVICE
Print Export PDF

Rating Action: Moody's downgrades Prospect Medical Holdings, Inc.'s CFR to B3; outlook changed to negative

28 Mar 2019

New York, March 28, 2019 -- Moody's Investors Service (Moody's) today downgraded the ratings of Prospect Medical Holdings, Inc.'s ("Prospect"), including its Corporate Family Rating (CFR) to B3 from B2 RUR-Down and its Probability of Default Rating to B3-PD from B2-PD RUR-Down. The rating agency also downgraded Prospect's senior secured first lien term loan rating to B3 from B1 RUR-Down. Moody's changed the outlook, previously on review, to negative. These actions resolve the review for downgrade initiated on February 12, 2019.

Figure 50 Moody's downgrades Prospect Medical Holdings, Inc.'s CFR to B3; outlook changed to negative

Since the hospital company was reporting operating losses even with lower debt servicing, the new arrangement will push the losses wider and likely require restructuring of the expense base.

Prospect's poor financial...prospects… are also reflected in regular media coverage of its facilities; ProPublica has penned several articles detailing the decline of its hospitals including operational, hygiene and staffing failures[40,41].

In this event: a round-tripping transaction appears to have actually worsened the financial wellbeing of an MPW client, despite providing short-term liquidity

[38] https://www.moodys.com/research/Moodys-downgrades-Prospect-Medical-Holdings-Incs-CFR-to-B3-outlook--PR_397518
[39] https://www.moodys.com/research/Moodys-Prospect-Medicals-sale-leaseback-improves-liquidity-however-operating-challenges--PR_405116
[40] https://www.propublica.org/article/investors-extracted-400-million-from-a-hospital-chain-that-sometimes-couldnt-pay-for-medical-supplies-or-gas-for-ambulances
[41] https://www.propublica.org/article/a-hospital-chain-said-our-article-was-inaccurate-its-not

Annexure 8 – Priory Transaction

In December 2020 owners of Median Kliniken, Waterland Private Equity, acquired UK-based Priory Group from Acadia Healthcare for £1,078m[42]. Both Median Kliniken & Priory were MPW hospital operators, so the transaction consolidated MPW's 4th and 5th largest tenants by lease assets at the time.

Acadia purchased this business for £1.3b in 2016 and put it back on the market just 2 years later.

MPW financed Waterland's entire transaction with a £1,050m loan: £800m mortgage loan against 35 properties from Priory, and a further £250m acquisition loan secured against the same properties. The mortgage loan would be converted into ownership of those properties in June 2021. MPW received a 9.9% stake in Waterland's Priory fund for an *additional* "nominal amount".

> **PORTFOLIO UPDATE**
>
> During and subsequent to the first quarter, MPT continued to execute on accretive acquisitions.
>
> MPT expects to replace the £800 million Priory real estate loan with sale-leaseback transactions involving 35 properties by the end of the second quarter, at which time the Company will begin to recognize a GAAP investment yield of 8.6%.

> <u>2021 Activity</u>
>
> <u>Priory Group Transaction</u>
>
> On January 19, 2021, we completed the first of two phases in the Priory Group ("Priory") transaction in which we funded an £800 million interim mortgage loan on an identified portfolio of Priory real estate assets. In phase two, in a series of transactions we expect will be completed during the 2021 second quarter, we will acquire a portfolio of select real estate assets from Priory (now owned by Waterland Private Equity Fund VII C.V. ("Waterland VII")) in individual sale-and-leaseback transactions, subject to customary real estate and other closing conditions. As all conditions to closing for a particular asset are satisfied, the applicable purchase price for the asset will be paid by us by proportionally converting and reducing the principal balance of the interim mortgage loan we made to Waterland VII in phase one. The aggregate purchase price for the real estate assets we acquire from Priory is thus expected to be approximately £800 million, plus customary stamp duty, tax, and other transaction costs.
>
> In addition, we agreed to provide Waterland VII with a 364-day £250 million acquisition loan, which we funded on January 19, 2021, in connection with the closing of Waterland VII's acquisition of Priory. The loan is secured by the same security assets securing the £800 million interim mortgage loan.
>
> In connection with these transactions, we also acquired a 9.9% passive equity interest in the Waterland VII affiliate that indirectly owns Priory for a nominal amount.

Figures 51 & 52 – MPW Q1 2021 results and 10-Q[43]

MPW claimed that this £1,050m loan was collectively secured against a subset of Priory's properties.

However Acadia's 2020 10-K shows the Priory business consisted of "345 inpatient behavioral health facilities with approximately 8,200 beds" of which 279 were owned and 66 leased. The PPE assets for the sale were valued at $1.298m (£949m) at the lesser of carrying value and fair value less costs to sell.

> 40 states, the United Kingdom ("U.K.") and Puerto Rico. During the year ended December 31, 2020, we added 460 beds in the United States ("U.S."), consisting of 240 added to existing facilities and 220 added through the opening of two joint venture facilities, and we opened six comprehensive treatment centers ("CTCs"). On January 19, 2021, we completed the sale of the U.K. business, which included 345 facilities and approximately 8,200 beds.

> children's services facilities and approximately 60% were adult care facilities at December 31, 2020. At December 31, 2020, we owned 279 of the properties at our U.K. Facilities and leased 66 properties.

It seems MPW believed the 35 properties were worth £800m. It is absurd to suggest that the remaining Priory business *and* a further 244 properties were worth only £250m. For MPW's financing to make any sense the entire Priory business less property would be valued close to zero.

A back-of-envelope calculation assuming homogenous property values across the portfolio suggests an overpayment of at least £600m.

[42] https://www.ft.com/content/6058bdd8-3ff2-4f54-93c6-5911c1ec29d5

[43] https://www.businesswire.com/news/home/20210429005594/en/Medical-Properties-Trust-Inc.-Reports-First-Quarter-Results

Priory Transaction Analysis - Viceroy Research		
Acadia PPE value	£m	949
Total number of properties	#	279
Avg property value	£m	3.40
MPW mortgage loan	£m	800
Security assets converted	#	35
Total value of security assets	£m	119
Overpayment	£m	681

Figure 53 – Priory Transaction Analysis

MPW has absolutely no concern for high-risk investments, and casually engages in quasi-unsecured lending of hundreds of millions of dollars for the purchase of firesale assets.

High leverage put on by its PE sponsor contribute to Priory's weak financial position. According to the Financial Times, Priory's new annual rent cost would be around ~£50m.

> The agreement burdens the Priory with significant rental costs of about £50m a year, and a minimum annual increase of 2 per cent, according to three sources close to the transaction.

Figure 54 – Priory property deal saddles mental health chain with high rents – Financial Times[44]

Priory has also had a number of operational issues/negligence at its hospitals[45,46,47]

Annexure 9 – Pipeline Health

On July 6, 2021, MPW acquired 4 hospitals and 2 on-campus medical office buildings from Pipeline Health for $215m. These were leased back to Pipeline Health System.

> On July 6, 2021, we acquired four acute care hospitals and two on-campus medical office buildings in Los Angeles, California for $215 million. These hospitals are leased to Pipeline Health System ("Pipeline") pursuant to a long-term lease with annual inflation-based escalators.

Pipeline Health was a forced seller in this scenario due to a liquidity crisis. It nonetheless filed for bankruptcy in October 2022:

[44] https://www.ft.com/content/56c04cd9-80ec-4ddb-9165-e8e634a7ce99
[45] https://www.bbc.com/news/uk-england-nottinghamshire-63415407
[46] https://www.laingbuissonnews.com/healthcare-markets-content/priory-group-hospital-ratings-suspended-over-fresh-safety-concerns/
[47] https://www.nelsonslaw.co.uk/priory-hospital-arnold/

44. ***Property Financing.*** While Pipeline owns the real estate and buildings for its operations in Illinois, Pipeline has entered into agreements for the use of real property that allow it to operate in its California and Texas markets respectively. With respect to the operations in California, on July 6, 2021, certain Pipeline entities entered as lessees in a sale-leaseback arrangement under that certain master lease agreement, dated July 6, 2021 (the "California Property Financing") with certain affiliates of Medical Properties Trust, Inc., a real estate trust focused on developing net-leased hospital facilities. The California Property Financing purported to lease back such real estate so that the Debtors could continue its operations for a term of 20 years, subject to extensions. Entry into the California Property Financing arrangement was intended to pay off debt, lower interest rates, and providing capital support for the organization with a focus on repairing aging building infrastructure. With respect to the operations in Texas,

Figure 55 – Pipeline Health Bankruptcy Documents[48]

On January 13, 2022, MPW announced that Pipeline Health would reassume the master lease terms of the Los Angeles hospitals. It caveats this announcement by stating 30% of 2023 rent would be "deferred" (or, straight-lined), and MPW will invest in *more* facilities for Pipeline Health[49].

Following the December sale of its Illinois hospitals, Pipeline is primarily focusing its post-bankruptcy business plan on opportunities within its attractive Los Angeles footprint. On the effective date of the Plan, MPT will be paid all rent that accrued through the first half of January 2023, and it has agreed to defer approximately $5.6 million, or approximately 30%, of 2023 cash rent into 2024 when it will be collected with interest. MPT and Pipeline also agreed to complete Pipeline's pre-bankruptcy plans to add a behavioral facility within Coast Plaza Hospital. MPT will fund the capital addition, which will be joined to the master lease and earn rent at the lease rate upon completion.

Figure 56 – Extract from MPW market announcement 13 January 2023

Viceroy have pulled the amended restructuring plans from the same date of this announcement. MPW must sink $23.5m into new facilities and into standard repairs and maintenance as part of the settlement terms. Much of this appears to be offset from rent owed by Pipeline health, and will now form part of Lease Base calculations.

[48] https://document.epiq11.com/document/getdocumentbycode?docId=4110689&projectCode=PIH&source=DM
[49] https://www.businesswire.com/news/home/20230113005440/en/

Capital Expenditure Funding	Following the Plan Effective Date, MPT shall fund $23.65 million in capital expenditures to be utilized only for the benefit of the L.A. Hospitals through a combination of: • a release of up to $9.4 million in security deposits; provided, however, that a letter of credit from a financial institution reasonably acceptable to the MPT Lessors is posted in favor of the MPT Lessors in the amount released. • Up to $6 million for Capital Additions pursuant to section 10.3(b) of the Original Lease related to the construction of the Debtors' proposed behavioral facility at Coast Plaza Hospital, to include reimbursement of reimbursable expenses that have already been incurred by the Debtors as of the Agreement Effective Date; *provided* that such $6 million in Capital Additions shall be included in the calculation of Lease Base in the Amended Lease. • Up to an additional $5 million for additional Capital Additions to be available on the Agreement Effective Date for projects to be identified in the Lease Amendment, such funding to be provided pursuant to section 10.3(b) of the Original Lease and to include Major Repairs; *provided* that such $5 million in Capital Additions shall be included in the calculation of Lease Base in the Amended Lease. • Up to $3.25 million in repairs and upgrades to be funded from the existing reserve held by the MPT Lessors, which would remain intact and accessible for the purposes specified in the Original Lease.

Figure 57 – Pipeline Health Bankruptcy Filings - final restructuring proposal

We reiterate that MPW tenants are on triple-net leases. Clearly, this is not actually the case. MPW has not recognized a write-down on the Pipeline assets to date, but it is unfathomable that MPW continue to engage in high-risk transactions with bankrupt entities which are, in no uncertain terms, still distressed. This transaction must be scrutinized.

Pipeline Health System

On October 2, 2022, Pipeline filed for reorganization relief under Chapter 11 protection of the United States Bankruptcy Code in the Southern District of Texas, while keeping its hospitals open to continue providing care to the communities served. As mentioned above in this same Note 3, all of the facilities we lease to Pipeline are located in California, representing 1% of our total assets. At September 30, 2022, Pipeline has made all of its required rental payments, and we have on-hand cash deposits of approximately $13 million. We believe our investment in these facilities is fully recoverable at this time, but no assurances can be given that we will not have any write-offs or impairments in future periods.

Figure 58 – MPW Pipeline Health announcement

Annexure 10 – Steward – Financial Health

Steward is MPW's largest customer by assets and revenue. Steward was formed in November 2010 when Cerberus Capital acquired the Charitas Christi system[50] before expanding aggressively, but ultimately not profitably. MPW came to the rescue in 2016 through a sale-and-leaseback arrangement, whereby MPW would acquire Steward's facilities and lease them right back to Steward.

Steward resumed its aggressive acquisition strategy and continued to engage MPW for sale-leaseback transactions. This made Steward the largest private hospital operator in the United States by revenue and number of hospitals.

Steward's failure to achieve profitability despite scale has led to a mutually parasitic relationship with MPW.

Massachusetts State Reports

The Massachusetts Center for Health Information and Analysis (CHIAMass) publishes annual reports on financial and operating statistics for each hospital in the state including Steward Health System[51]. Steward even sued the state in 2017 to prevent filing financial information[52], all reports after 2018 by CHIAMass rely on publicly available financials.

The result of these reports: Steward at the bottom of the ladder in almost every financial metric amongst hospitals in the state reporting ($271m) in losses, negative margins and ($1.2b) in negative equity[53]. Most other hospitals in the state reported positive financial indicators.

Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue [1]	Excess (Deficit) of Revenue over Expenses	Current Ratio	Net Assets
Cambridge Health Alliance		3	-7.5%	0.6%	-6.8%	$0.0	($14.3)	3.5	$281.9
Cambridge Health Alliance ε	Teaching Hospital	3	-7.4%	0.6%	-6.8%	$0.0	($14.2)	3.5	$275.0
Shriners Hospitals for Children		9	-35.3%	31.5%	-3.8%	$0.0	($28.4)	8.0	$9,305.4
Shriners Hospital for Children - Boston*	Specialty Hospital	9	* Shriners Hospital Boston (SHB) and Shriners Hospital Springfield are part of the national Shriners Hospitals for Children system (SHC) and are reliant upon support from the SHC endowment to cover the costs associated with fulfilling their mission to provide care to patients regardless of their ability to pay. This support is provided through transfers from the SHC's endowment to the hospitals, as these transfers are not considered revenue for the purpose of calculating profitability margin. SHB's and SHS's profitability margins are not comparable to other acute hospitals. Therefore, they have been excluded from the graphics but are included in the statewide median and the databook.						
Shriners Hospital for Children - Springfield*	Specialty Hospital	9							
Steward Health Care			Steward Health Care did not submit the required hospital health system data						
Morton Hospital	Community-High Public Payer	9	-1.7%	0.0%	-1.7%	$0.0	($2.0)	1.6	$23.0
Nashoba Valley Medical Center	Community-High Public Payer	9	-6.0%	0.0%	-6.0%	$0.0	($3.2)	1.8	$8.0
Steward Carney Hospital ε	Teaching Hospital	9	-30.8%	0.0%	-30.8%	$0.0	($23.3)	1.1	$7.9
Steward Good Samaritan Medical Center	Community-High Public Payer	9	6.6%	0.0%	6.6%	$0.0	$15.4	1.7	$31.3
Steward Holy Family Hospital	Community-High Public Payer	9	-1.9%	0.0%	-1.9%	$0.0	($3.8)	1.7	$20.4
Steward Norwood Hospital	Community-High Public Payer	9	-39.6%	0.0%	-39.6%	$0.0	($11.9)	0.1	($10.3)
Steward Saint Anne's Hospital	Community-High Public Payer	9	12.6%	0.0%	12.6%	$0.0	$30.5	2.3	$43.3
Steward St. Elizabeth's Medical Center ε	Teaching Hospital	9	-2.0%	0.0%	-2.0%	$0.0	($6.7)	1.9	$65.1
Steward Medical Group	Physician Organization	Steward Health Care did not submit the required physician organization data							

Figure 59 – CHIAMass extract

MPW also filed Steward's 2020 financials as part of a significant tenant disclosure. Steward's positive performance in 2019 did not carry over to 2020 with losses widening to ($407m). MPW has not filed Steward's financials for 2021.

Steward Health Care Financials - Viceroy Analysis	2017	2018	2019	2020
Revenues	$ 3,705,641	$ 626,189	$ 6,727,521	$ 5,413,904
Gross profit	$ (321,597)	$ (269,186)	$ 125,313	$ (439,161)
Gross margin	-8.7%	-43.0%	1.9%	-8.1%
Net loss	$ (207,181)	$ (279,547)	$ 82,493	$ (407,593)
Net margin	-5.6%	-44.6%	1.2%	-7.5%

Figure 60 – Steward Health Care Financials – Viceroy Analysis

[50] http://archive.boston.com/business/healthcare/articles/2010/11/28/caritass_owner_has_a_history_of_quiet_buyouts_that_pay_off/
[51] https://www.chiamass.gov/hospital-financial-trend-analysis
[52] https://www.beckershospitalreview.com/finance/steward-health-care-sues-massachusetts-to-avoid-financial-disclosures.html
[53] https://www.healthcarefinancenews.com/news/losses-mount-steward-health-care-as-concern-over-its-future-grows

Odessa Hospital

Steward Healthcare and its local Odessa operating subsidiary are currently being sued for non-payment of wages:

DC-22-17919
CAUSE NO. ____________________

ADVANCED CLINICAL EXPERTS, PLLC, Plaintiff, v. ODESSA REGIONAL HOSPITAL, L.P. and STEWARD HEALTH CARE NETWORK, INC., Defendants.	§ § § § § § § § § 162nd §	IN THE DISTRICT COURT DALLAS COUNTY, TEXAS ______ JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION

Plaintiff Advanced Clinical Experts, PLLC ("**Ace**" or "**Plaintiff**") files this *Original Petition* against Defendants Odessa Regional Hospital, L.P. ("**Odessa Regional**") and Steward Health Care Network, Inc. ("**Steward**") (collectively, Odessa Regional and Steward are referred to as "**Defendants**").

Figure 61 – Extract from Cause No. DC-22-17919

This demonstrates one of many distressed Steward facilities in MPW's rent-roll:

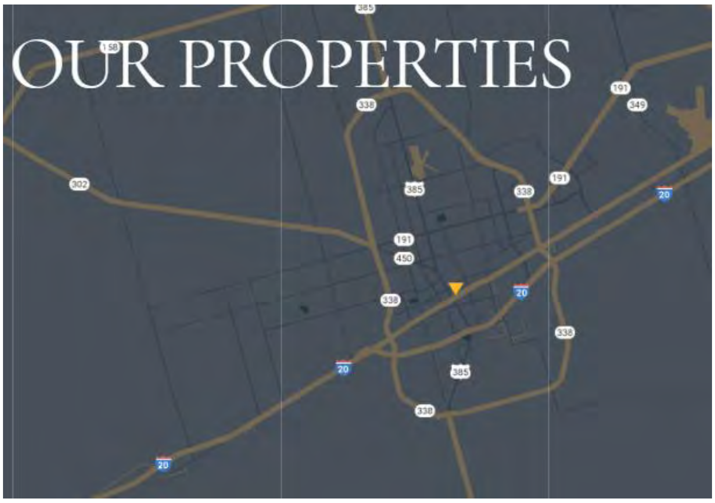


Figure XX – MPW Property Map identifying Steward facility in Odessa, TX

Annexure 11 – Circle Health Holdings – Financial Health

Circle was the company behind the first privately run hospital in the UK but fell afoul of regulators for poor standards of care and practice. Since being taken private by Toscafund in 2017, Circle has not reported a single year of profitability or free cash flow.

UK based Circle Health Holdings acquired competitor BMI Healthcare's operations in December 2019. MPW acquired BMI's properties for £1.5b in the same transaction and leased them back to Circle.

Circle Health Holdings Financials - Viceroy Analysis (2020 & 2021 figures have removed BMI Healthcare)	2017	2018	2019	2020	2021
Revenues	100,882	100,728	102,894	121,147	96,526
Gross profit	29,948	29,506	30,835	(66,013)	(119,593)
Gross margin	30%	29%	30%	-54%	-124%
Net loss	(6,155)	(11,934)	(20,833)	(6,505)	(39,376)
Net margin	-6%	-12%	-20%	-5%	-41%

Figure 62 – Circle Health Holdings Financials – Viceroy Analysis

BMI, now the largest component of Circle, has a similar history of loss-making operations.

BMI Healthcare - Viceroy Analysis	2017	2018	2019	2020	2021
Revenues	886,947	1,313,265	918,149	863,729	955,116
Gross profit	323,622	456,819	357,747	278,397	325,715
Gross margin	36%	35%	39%	32%	34%
Net loss	(97,394)	(59,886)	14,326	(53,871)	(13,300)

Figure 63 – BMI Healthcare Financials – Viceroy Analysis

FEBRUARY 1, 2023 REPORT

MPW **Case Study** – Neuropsychiatric Hospitals

MPW pay a 200% premium for newly built Neuropsychiatric Hospital. Loss-making tenant consistent with revenue round-tripping model.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 4

February 1, 2023 – In October 2019 MPW committed $27.5m to develop a NeuroPsychiatric Hospital for the development of a 92-bed facility in Clear Lake, Texas. The facility was estimated to open in Q3 2020.

Additionally, **we just closed on a $28 million behavioral health opportunity with NeuroPsychiatric Hospitals for the development of a 92-bed freestanding hospital in the Houston, Texas market.** NPH is a behavioral health company focused on providing best-in-class care for patients with acute, complex, medical or psychiatric conditions and is known as the largest neuropsychiatric care organization in the country. **They meet an underserved need in treating the more severe comorbid cases** that traditionally psych hospitals are not equipped to take. **NPH currently operates 4 facilities with 187 beds in Indiana and is well positioned for near-term growth into new markets in 2020.** Construction is underway, with an estimated opening in the third quarter of 2020.

Figure 1 – Q3 2019 earnings call

MPW's Q3 2020 supplemental information report also shows cash costs incurred on the still incomplete project as of reporting date.

SUMMARY OF CURRENT DEVELOPMENT PROJECTS AS OF SEPTEMBER 30, 2020

(Amounts in thousands)

Operator	Location	Commitment	Costs Incurred as of 9/30/2020	Estimated Rent Commencement Date
NeuroPsychiatric Hospitals	Texas	$ 27,500	$ 20,241	Q2 2021
Ernest	California	47,929	16,010	Q4 2021
		$ 75,429	$ 36,251	

Figure 2 – Q3 2020 supplemental information report

In MPW's 2021 10-K, we learn that the project "commenced rent" on December 18, 2020. A subsequent 8-K filed in October 27, 2022, we learn that the committed investment amount increased to $28.5m.

The Real Construction Costs & Property Appraisal

Project details of the Neuropsychiatric Hospital were submitted to the Texas Department of Licensing and Regulation, which show estimated project costs to be $7.00m.

Texas Department of Licensing and Regulation
Architectural Barriers Project Details Page

Project #: TABS2019016744 **Registration Date:** 7/23/2019

https://www.tdlr.texas.gov/TABS/Projects/TABS2019016744

PROJECT

Project Name: Medistar Corporation Medical Behavioral Hospital
Project Number: TABS2019016744
Facility Name: Medistar Corporation Medical Behavioral Hospital
Location Address: 15850 Buccaneer Lane
Houston, TX 77058
Location County: Harris

Start Date: 8/23/2019
Completion Date: 6/23/2020
Estimated Cost: $7,000,000
Type of Work: Renovation/Alteration
Type of Funds: This project is privately funded, on private land for private use.
Scope of Work: Existing non-combustible structure (metal deck over concrete walls) renovated into a private psychiatric hospital with 94 beds and 48466 sf. The project includes a commercial kitchen, parking increase, landscape improvements and fire sprinkler syst.
Square Footage: 48,466 ft²

Are the private funds provided by the tenant? Yes

Current Status: Project Closed

Figure 3 – Extract from TDLR[1]

[1] https://www.tdlr.texas.gov/TABS/Search/Project/TABS2019016744

Further, Harris County appraisal district ownership history shows that MPT bought the site from Medistar on October 25, 2019 when the appraised valued was listed as $2.1m. Post completion of the development, it was appraised at $8.8m.

Ownership History: 0963020000001	
16850 BUCCANEER LN HOUSTON TX 77058	
Owner	Effective Date
MPT OF SOUTH CLEAR LAKE LLC	10/25/2019
MEDISTAR GEMINI LLC	12/09/2013
LEEWARD STRATEGIC PROPERTIES INC	02/24/2012
BLOCK 15 GEMINI J V	01/02/1989
BLOCK 15 GEMINI JOINT VEN	01/02/1986

Figure 4 – HCAD Ownership History extract[2]

APPRAISED VALUE HISTORY: 0963020000001 Print

Tax Year:	2023	2022	2021	2020	2019
Appraised Value:	Pending	7,850,250	8,824,549	2,150,000	2,100,000

Figure 5 – HCAD Appraised Value extract[3]

It is completely unfathomable that MPW claims to have spent $28.5m on the development of the Neuropsychiatric Hospital given that the cost of development and market value of the land was combined total of $9.1m.

Further, we question how MPW has accounted for the value of this facility in its books, given that its appraised value is 72% less than the capitalized cost of the facility.

MPW has paid over 3x the market value for the Neuropsychiatric Hospital.

Obscure Structure & Distressed Tenant

Neuropsychiatric Hospitals is the tenant of the Texas Clear Lake facility, however it does not lease the facility from MPW, but from Medistar Corporation.

Medistar were the original owners of the site, conceived the plan for its development into a 92 bed facility, and lodged the project details with the Texas Department of Licensing and Regulation, per Figure 3 above.

Medistar appear to have sold the site prior to development to MPW on leaseback terms. Medistar subsequently leases the site to Neuropsychiatric Hospitals. This is disclosed in a joint press release by Neuropsychiatric Hospitals and Medistar in December 2019, after MPW's acquisition of the site in October 2019.

> **HOUSTON, TX AND SOUTH BEND, IN**-Medistar Corporation ("Medistar") and NeuroPsychiatric Hospitals, LLC ("NPH") are pleased to announce the development of Medical Behavioral Hospital of Clear Lake. The 92-bed facility, located at 16850 Buccaneer Lane in **Houston**, is now in construction and scheduled to open in mid-2020. This will be NPH's sixth hospital and among only a select number of hospitals nationwide that focus on treating patients with psychiatric issues who also suffer with complex medical and/or neurological conditions. The facility will be leased from Medistar by an affiliate of NPH pursuant to a long-term lease.

Figure 6 – NPH & Medistar press release 30 Dec 2019[4]

[2] https://public.hcad.org/records/Ownership.asp?crypt=%94%9A%B0%94%BFg%84%96%85%7Dhf%8El%87tXtYW%9E%99%A2%D3%89%95%C2e%7CU%8A%85

[3] https://public.hcad.org/records/HistoryValue.asp?crypt=%94%9A%B0%94%BFg%84%96%85%7Dhf%8El%87tXtYW%8D%AD%9C%CC%89%A2%C4%9C%AB%9D%D2%B1%C1%CF%87hy%7B%60

[4] https://www.neuropsychiatrichospitals.net/medistar-corporation-and-neuropsychiatric-hospitals-announce-the-development-of-medical-behavioral-hospital-of-clear-lake-in-houston-tx/

Viceroy have obtained 2021 financial data for the underlying tenant, Medical Behavioral Hospital of Clear Lake. It shows a severely loss-making operator burdened by debt.

Medical Behavioral Hospital of Clear Lake
Houston, TX 77058
CMS Certification Number: 454151

See column headings for cost reporting periods. / Definitions

Balance Sheet

Period ending date	12/31/2021
Number of months in period	12
Cost report status	As Submitted
Assets	
Current Assets	$2,504,030
Fixed Assets	$22,535,797
Other Assets	$7,968,840
Total Assets	**$33,008,667**
Liabilities and Fund Balances	
Current Liabilities	$1,020,600
Long-Term Liabilities	$34,162,246
Total Liabilities	**$35,182,846**
Total Fund Balances	$-2,174,179
Total Liabilities & Fund Balances	**$33,008,667**

Income Statement
Data are annualized for periods other than twelve months.

Period ending date	12/31/2021
Number of months in period	12
Cost report status	As Submitted
Inpatient Revenue	$14,814,914
Outpatient Revenue	$0
Total Patient Revenue	$14,814,914
Contractual Allowance (Discounts)	$8,504,634
Net Patient Revenues	$6,310,280
Total Operating Expense	$14,759,598
Operating Income	**$-8,449,318**
Other Income (Contributions, Bequests, etc.)	$0
Income from Investments	$0
Governmental Appropriations	$0
Miscellaneous Non-Patient Revenue	$12,267
Total Non-Patient Revenue	$12,267
Total Other Expenses	$0
Net Income or (Loss)	**$-8,437,051**
Depreciation Expense (included above)	$1,481,647

Figure 7 – 2021 Financial Summary of Medical Behavioral Hospital of Clear Lake

Medical Behavioral Hospital of Clear Lake reported a $8.5m operating loss in 2021. Its liabilities exceed assets by over $2m.

Key Takeaways

We reiterate our belief that MPW engages in pervasive revenue round-tripping schemes. It is clear that MPW vastly overpaid for this facility, with appraisals and state filings directly contradicting statements from MPW.

The tenant, Medistar Corporation, is subletting this property to a distressed client. We believe this is consistent with round-tripping behavior.

MPW overpaid for the Neuropsychiatric Hospital facility by 3x. It capitalizes these absurd overpayments, and proceeds to borrow more money to make more uncommercial investments.

Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Medical Properties Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

Important Disclaimer – Please read before continuing

This report has been prepared for educational purposes only and expresses our opinions. This report and any statements made in connection with it are the authors' opinions, which have been based upon publicly available facts, field research, information, and analysis through our due diligence process, and are not statements of fact. All expressions of opinion are subject to change without notice, and we do not undertake to update or supplement any reports or any of the information, analysis and opinion contained in them. We believe that the publication of our opinions about public companies that we research is in the public interest. We are entitled to our opinions and to the right to express such opinions in a public forum. You can access any information or evidence cited in this report or that we relied on to write this report from information in the public domain.

To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. We have a good-faith belief in everything we write; however, all such information is presented "as is," without warranty of any kind – whether express or implied.

In no event will we be liable for any direct or indirect trading losses caused by any information available on this report. Think critically about our opinions and do your own research and analysis before making any investment decisions. We are not registered as an investment advisor in any jurisdiction. By downloading, reading or otherwise using this report, you agree to do your own research and due diligence before making any investment decision with respect to securities discussed herein, and by doing so, you represent to us that you have sufficient investment sophistication to critically assess the information, analysis and opinions in this report. You should seek the advice of a security professional regarding your stock transactions.

This document or any information herein should not be interpreted as an offer, a solicitation of an offer, invitation, marketing of services or products, advertisement, inducement, or representation of any kind, nor as investment advice or a recommendation to buy or sell any investment products or to make any type of investment, or as an opinion on the merits or otherwise of any particular investment or investment strategy.

Any examples or interpretations of investments and investment strategies or trade ideas are intended for illustrative and educational purposes only and are not indicative of the historical or future performance or the chances of success of any particular investment and/or strategy. As of the publication date of this report, you should assume that the authors have a direct or indirect interest/position in all stocks (and/or options, swaps, and other derivative securities related to the stock) and bonds covered herein, and therefore stand to realize monetary gains in the event that the price of either declines.

The authors may continue transacting directly and/or indirectly in the securities of issuers covered on this report for an indefinite period and may be long, short, or neutral at any time hereafter regardless of their initial recommendation.

FEBRUARY 6, 2023 REPORT

MPW **Fun Facts –** Puts & Mortgages

SEC enquiries show MPW mortgages to Steward exceed values of the properties Steward buy.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 2

February 6, 2023 – As Viceroy prepare an extended case study highlighting MPW exposure to international criminal inquiries, we present readers with a fun throwback to 2018, when the SEC questioned MPW's uncommercial transactions.

A link to the correspondence is below:

https://www.sec.gov/Archives/edgar/data/1287865/000119312518271134/filename1.htm

The background to the SEC's questions related to MPW's determination that it was unnecessary to disclose Steward Healthcare's financials as an exhibit to its 10-K, which is broadly consistent with Steward and MPW's minimal-transparency policy.

Of interest, the SEC's examination of MPW's 10-K exhibits showed that:

1. MPW provided Steward with a mortgage and/or loan to purchase properties
2. The value of the loan exceeded the value of the properties by 10%.
3. Under the terms of the loan agreement, MPW has an option to buy the property from Steward at 110% of its fair market value.

Item 8. Financial Statements and Supplementary Data, page 71

2. Please tell us how you considered if the loan agreement with Steward is a loan, an investment in real estate, or a joint venture. We refer you to the Real Estate Loan Agreement filed as Exhibit 10.34 to your Form 10-K for the year ended December 31, 2016 and the Joinder and Amendment to Real Estate Loan Agreement filed as Exhibit 10.2 to your Form 10-Q for the quarterly period ended September 30, 2017. Based on these agreements, it appears that you have the option to purchase the properties at 110% of fair market value, which is defined as specific dollar amounts in the agreement and equals the amount lent to Steward. Your response should address how you considered the terms of the loan, including, but not limited to, the purchase option. In your response, please refer to the guidance in ASC 310-10 for Acquisition, Development, and Construction Arrangements and SAB 1I.

Figure 1 – Extract from MPW / SEC correspondence, September 11, 2018.

Already, it is absolutely astounding that MPW would make such blatantly uncommercial deals with Steward when it could outrightly buy the hospital itself, and not pay a 10% premium to its tenant middle-man.

In response to the SEC's question on how MPW considered the terms of the loan, MPW spectacularly state that this option is put in place in order for Steward to avoid paying capital gains tax on the transfer of the property that it would acquire in the following year (it was the IASIS transaction, covered in our report).

In other words, MPW answered why they gave Steward a 10% premium structured as mortgage, rather than just paying them cash.

When structuring transactions, our goal is to achieve the best outcome for our shareholders, including the investment decisions we make regarding structuring a deal as either a lease or a mortgage loan. In regards to Steward specifically, we decided to structure two of our transactions with them with a combination of both leases and mortgage loans. One of the main reasons for agreeing to originate mortgage loans was to prevent Steward from having to pay significant capital gains taxes upon transfer of the real estate, which benefited Steward, but also our shareholders, by allowing Steward to maintain more free cash on-hand to meet its obligations as they come due.

Figure 2 – Extract from MPW / SEC correspondence, September 11, 2018.

It has structured multiple transactions with Steward in this way.

This query from the SEC confirms half of our IASIS analysis in our original report. In total, we estimate that MPW round tripped over $700m to Steward as part of this transaction.

Our reports can be found here:

https://viceroyresearch.org/medical-properties-trust-research/

Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Medical Properties Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

Important Disclaimer – Please read before continuing

This report has been prepared for educational purposes only and expresses our opinions. This report and any statements made in connection with it are the authors' opinions, which have been based upon publicly available facts, field research, information, and analysis through our due diligence process, and are not statements of fact. All expressions of opinion are subject to change without notice, and we do not undertake to update or supplement any reports or any of the information, analysis and opinion contained in them. We believe that the publication of our opinions about public companies that we research is in the public interest. We are entitled to our opinions and to the right to express such opinions in a public forum. You can access any information or evidence cited in this report or that we relied on to write this report from information in the public domain.

To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. We have a good-faith belief in everything we write; however, all such information is presented "as is," without warranty of any kind – whether express or implied.

In no event will we be liable for any direct or indirect trading losses caused by any information available on this report. Think critically about our opinions and do your own research and analysis before making any investment decisions. We are not registered as an investment advisor in any jurisdiction. By downloading, reading or otherwise using this report, you agree to do your own research and due diligence before making any investment decision with respect to securities discussed herein, and by doing so, you represent to us that you have sufficient investment sophistication to critically assess the information, analysis and opinions in this report. You should seek the advice of a security professional regarding your stock transactions.

This document or any information herein should not be interpreted as an offer, a solicitation of an offer, invitation, marketing of services or products, advertisement, inducement, or representation of any kind, nor as investment advice or a recommendation to buy or sell any investment products or to make any type of investment, or as an opinion on the merits or otherwise of any particular investment or investment strategy.

Any examples or interpretations of investments and investment strategies or trade ideas are intended for illustrative and educational purposes only and are not indicative of the historical or future performance or the chances of success of any particular investment and/or strategy. As of the publication date of this report, you should assume that the authors have a direct or indirect interest/position in all stocks (and/or options, swaps, and other derivative securities related to the stock) and bonds covered herein, and therefore stand to realize monetary gains in the event that the price of either declines.

The authors may continue transacting directly and/or indirectly in the securities of issuers covered on this report for an indefinite period and may be long, short, or neutral at any time hereafter regardless of their initial recommendation.

FEBRUARY 7, 2023 REPORT

MPW **Case Study** – Springstone Texas

MPW commit $35 million to complete a $17 million build in McKinney Texas following sale-leaseback transaction with Springstone (49% owned by MPW).

PLEASE READ IMPORTANT DISCLAIMER – PAGE 4

February 7, 2023 – In Q2 2022, MPW committed $34.6m in funding for a new facility in McKinney, Texas, which would be leased to Springstone LLC. MPW did not disclose that the site was also purchased from Springstone, who already lease 18 facilities from MPW.

Development Activities

During the 2022 second quarter, we agreed to finance the development of four new projects. One of these development projects is a behavioral health facility in McKinney, Texas with a total budget of approximately $35 million. This facility will be leased to Springstone, LLC ("Springstone") pursuant to the existing long-term master lease. In addition, we agreed to finance the development of and lease three general acute care facilities located

Figure 1 – Extract from MPW Q3 2022 10-Q

At Q3 2022, MPW had outlaid $1.14m on the project, with an estimated "rent commencement date" of Q1 2024.

Property	Commitment	Costs Incurred as of September 30, 2022	Estimated Rent Commencement Date
Steward (Texas)	$ 169,408	$ 57,911	4Q 2025
Ernest (Stockton, California)	47,700	43,785	4Q 2022
IMED (Spain)	46,159	11,809	2Q 2023
IMED (Spain)	41,577	29,182	3Q 2023
Springstone (Texas)	34,600	1,144	1Q 2024
IMED (Spain)	33,635	7,535	3Q 2024
	$ 373,079	$ 151,366	

Figure 2 – Q3 2020 supplemental information report

The Real Construction Costs & Property Appraisal

Project details of the Springstone facility were submitted to the Texas Department of Licensing and Regulation, which show estimated project costs to be $17.5m.

Texas Department of Licensing and Regulation
Architectural Barriers Project Details Page

Project #: TABS2022008780 **Registration Date:** 1/7/2022

https://www.tdlr.texas.gov/TABS/Projects/TABS2022008780

PROJECT

Project Name:	Springstone McKinney Hospital
Project Number:	TABS2022008780
Facility Name:	Springstone McKinney Hospital
Location Address:	4650 West University Drive Mckinney, TX 75071
Location County:	Collin
Start Date:	3/15/2022
Completion Date:	3/15/2023
Estimated Cost:	$17,500,000
Type of Work:	New Construction
Type of Funds:	This project is privately funded, on private land for private use.
Scope of Work:	72 Bed private psychiatric hospital with inpatient treatment outpatient therapy dietary pharmacy lab admin and support services
Square Footage:	58,000 ft^2

Figure 3 – Extract from TDLR[1]

It is unfathomable that MPW has committed $34.6m on the development of the Springstone facility given the estimated cost of development and market value of the development was only $17.5m ***as of July 2022***.

MPW will pay over 2x the development cost of a new facility in McKinney.
Investors & creditors should demand an independent investigation into management conduct.

[1] https://www.tdlr.texas.gov/TABS/Search/Project/TABS2022008780

Who did MPW purchase the property from?

A title search on the McKinney plot shows that MPW purchased the facility from Carrolton Springs, a Springstone subsidiary. It will be leased back to Springstone. This does not appear to have been disclosed.

The sale for $2.95m took place in October 2021, more than 6 months before the deal was announced and is not included in MPW's "costs incurred" figures[2], nor does it appear to form part of MPW's capex commitment. It is astounding that MPW would acquire an empty lot from a tenant.

Deed History

Deed Date	Seller	Buyer	Instr #	Volume/Page
10/19/2021	CARROLLTON SPRINGS LLC	MPT OF MCKINNEY-SPRINGSTONE LLC	20211020002147330	
09/07/2018	KAYASA FAMILY LTD	CARROLLTON SPRINGS LLC	20180907001128410	

Figure 4 – Extract Collins County Appraisal District[3]

MPW's website facility search shows that Springstone is a tenant at 18 existing MPW properties.

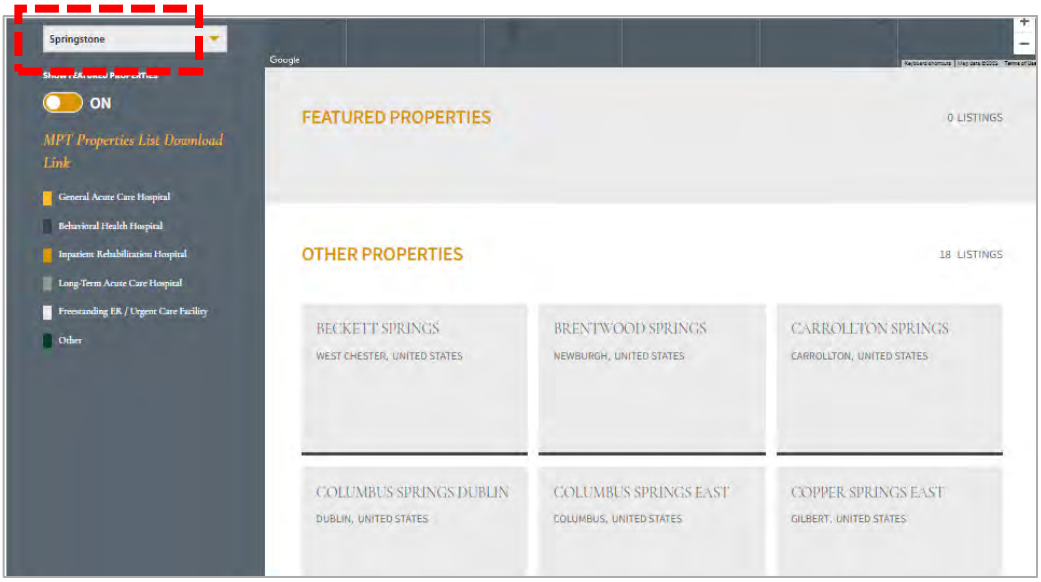


Figure 5 – Sample extract from MPW website

The cherry on top: MPW owns 49% of Springstone. It appears MPW is round tripping cash even between their own off-balance sheet JVs.

> So just to wrap up our recent activities. Last week, we closed on our acquisition of 18 inpatient behavioral hospitals master leased to Springstone across several U.S. states for a total of $760 million. These facilities are purpose-built behavioral hospitals in carefully selected communities and very well run, a unique portfolio that we have been observing for several years. We also invested $190 million to own a 49% interest in the operator.

Figure 6 – MPW Q3 2021 conference call - Steven Hamner

We believe this outrageous overspend aligns with MPW's pervasive revenue round-tripping model. The facts simply do not add up.

[2] https://www.collincad.org/propertysearch?prop=2784249&year=2023#valuetable
[3] https://www.collincad.org/propertysearch?prop=2784249&year=2023

Key Takeaways

We reiterate our belief that MPW engages in pervasive revenue round-tripping schemes. It is clear that MPW intends to vastly overpaid for this facility, with appraisals and state filings directly contradicting statements from MPW.

The tenant, Springstone, rents 18 other properties from MPW. We believe this overpayment is consistent with round-tripping behavior in order to assist Springstone in meeting its payment obligations to MPW.

When MPW overpay for this facility by 2x, it will capitalize these absurd overpayments, and proceeds to borrow more money to make more uncommercial investments.

Viceroy's full investigation of MPW's multiple transactions with Springstone and its management team will follow shortly.

Attention: <u>Whistleblowers</u>

Viceroy encourage any parties with information pertaining to misconduct within Medical Properties Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

Important Disclaimer – Please read before continuing

This report has been prepared for educational purposes only and expresses our opinions. This report and any statements made in connection with it are the authors' opinions, which have been based upon publicly available facts, field research, information, and analysis through our due diligence process, and are not statements of fact. All expressions of opinion are subject to change without notice, and we do not undertake to update or supplement any reports or any of the information, analysis and opinion contained in them. We believe that the publication of our opinions about public companies that we research is in the public interest. We are entitled to our opinions and to the right to express such opinions in a public forum. You can access any information or evidence cited in this report or that we relied on to write this report from information in the public domain.

To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. We have a good-faith belief in everything we write; however, all such information is presented "as is," without warranty of any kind – whether express or implied.

In no event will we be liable for any direct or indirect trading losses caused by any information available on this report. Think critically about our opinions and do your own research and analysis before making any investment decisions. We are not registered as an investment advisor in any jurisdiction. By downloading, reading or otherwise using this report, you agree to do your own research and due diligence before making any investment decision with respect to securities discussed herein, and by doing so, you represent to us that you have sufficient investment sophistication to critically assess the information, analysis and opinions in this report. You should seek the advice of a security professional regarding your stock transactions.

This document or any information herein should not be interpreted as an offer, a solicitation of an offer, invitation, marketing of services or products, advertisement, inducement, or representation of any kind, nor as investment advice or a recommendation to buy or sell any investment products or to make any type of investment, or as an opinion on the merits or otherwise of any particular investment or investment strategy.

Any examples or interpretations of investments and investment strategies or trade ideas are intended for illustrative and educational purposes only and are not indicative of the historical or future performance or the chances of success of any particular investment and/or strategy. As of the publication date of this report, you should assume that the authors have a direct or indirect interest/position in all stocks (and/or options, swaps, and other derivative securities related to the stock) and bonds covered herein, and therefore stand to realize monetary gains in the event that the price of either declines.

The authors may continue transacting directly and/or indirectly in the securities of issuers covered on this report for an indefinite period and may be long, short, or neutral at any time hereafter regardless of their initial recommendation.

FEBRUARY 8, 2023 REPORT

MPW **Case Study** – Steward International

Viceroy detail structure of MPW's JV with Ralph De La Torre including fake transactions, backdated statements, outright lies, and MPW implications in criminal probe.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 3

February 8, 2023 – MPW's joint venture with Steward CEO, Ralph De La Torre, has been the subject of intense curiosity by MPW bulls and bears alike. Today, Viceroy Research will detail the JV's structure, the ownership of Steward Malta, and egregious, and likely criminal, payments made between MPW, Steward Systems, the JV, and various international entities.

- **Assets purchased by the JV were never transferred to the JV**. There appears to have been **no AML or KYC** checks.
- **The assets that the JV purportedly bought from Steward for $200m were valued at $27m.**
- **MPW & Steward uniformly deny they are related to "independent" Steward International and Steward Malta**. Viceroy's investigation shows that **Steward Malta's UBO is based in Steward's HQ**, and that **MPW appear to own 49% of Steward Malta**. MPW actively lies to investors.
- Steward Malta, its staff, and its concession are the **subject of broad international criminal inquiries**.

The JV

MPW closed a $205m investment for 49% of a JV with Steward founder, Ralph De La Torre ("**the JV**").

- This JV transaction is reported in more detail in the 2020 Steward Health Care System's ("**Steward Systems**") financial statements. Steward claims that it divested Steward Health Care International Holdings Ltd ("**Steward International**"), a UK entity, to a joint venture controlled by Steward's "management equity holders" and MPW for $200m.
  - **Total assets sold by system amounted to $27m. MPW appears to have overpaid by 640%.**
- Filings of Steward International show that it was never transferred to the JV. Steward International was 100% owned by Steward Systems until its strike off in February 2022.
- At the date of the JV transaction, Steward International owned Steward Malta, who bears the controversial Malta concession.
  - Steward Malta lodged a 1-year backdated letter correcting a further 6-month backdated filing. It retrospectively stated that Steward Malta had been sold to Steward Spain, the "new and independent" Steward International.

Who Owns Malta?

MPW, Steward Systems uniformly deny that they have any commercial or legal relationship with Steward Malta, even via the JV. **Viceroy's research suggests this is a lie.**

- Dozens of filings pulled from Spanish business registries show that Steward Spain (the immediate parent of Steward Malta) is owned by a Delaware company called **Manolete Health Management LLC.**
  - A similarly named entity, **Manolete Health Limited**, was incorporated and immediately dissolved by **Ralph De La Torre** in the UK
  - It appears that Manolete Health Management LLC exists in a group of Delaware companies created one month before the JV transaction.
- **MPW also has a subsidiary titled "Manolete"**, also in Delaware, and **created only days before the date of the JV transaction**. It appears that this MPW subsidiary holds the 49% JV interest, including in Steward Malta.
- The UBO of Steward Spain, Steward Health Care International Investors LLC ("Steward Investors"), appears to hold the remaining 51% JV interest.
  - Steward Investors shares headquarters and staff with Steward Systems.

MPW's JV Structure

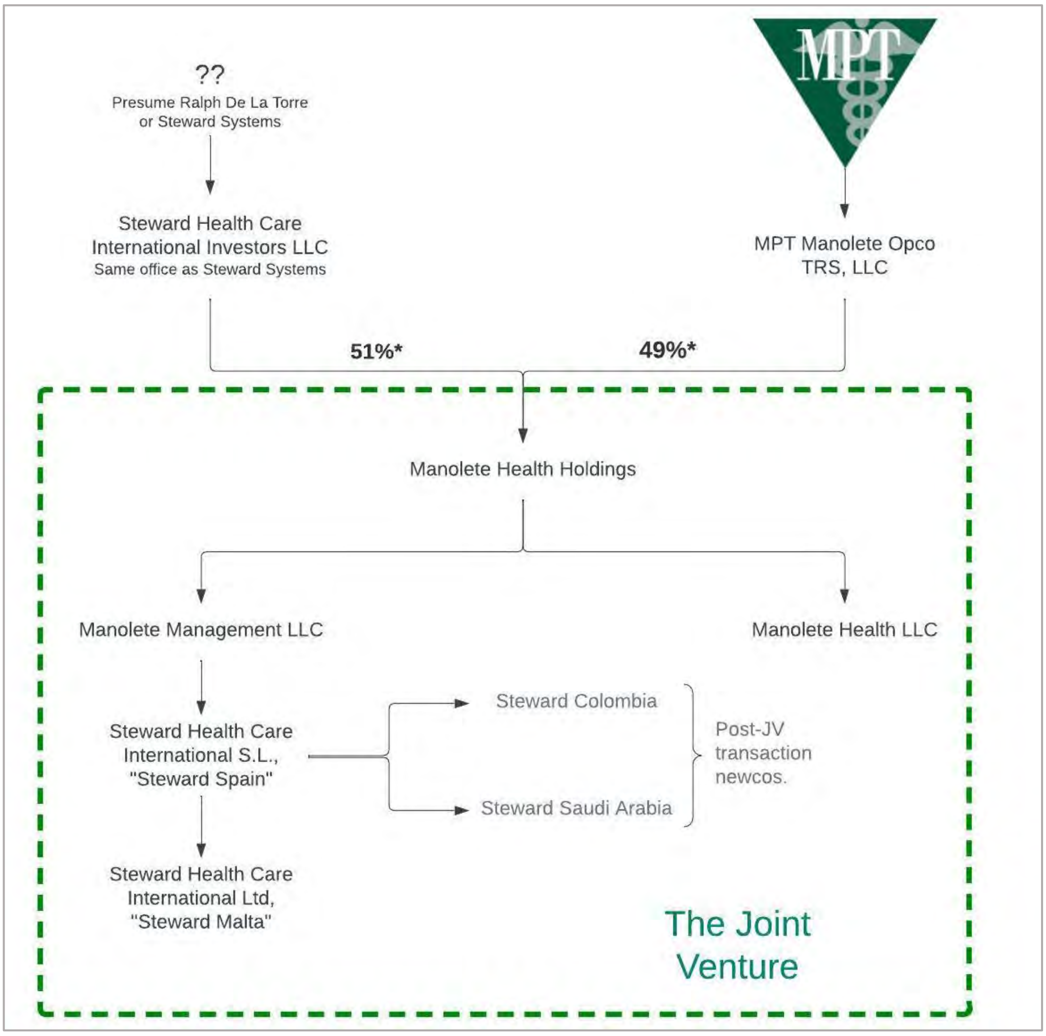


Figure 1 – Viceroy Analysis - estimates

Who Wants Malta?

Put simply, Steward purchased a Maltese hospital concession obtained through corruption while retaining the key actors in that corruption. Viceroy will show in this section how the same individuals that brokered the Vitals deal came to work for Steward in their international campaign.

- Steward purchased the Maltese hospital concession knowing it was **connected to corrupt practices**.
- Vitals had **no reliable accounting records** to speak of.
- The individuals behind those corrupt practices would remain involved with Steward, either directly in Ernst's and Asad Ali's case or indirectly with Shaukat Ali cheerleading projects in eastern Europe.
- Vitals was systematically looted by its shareholders and had no intention or capability of ever fulfilling the concession.
- Maltese courts will present a decision on revoking the Steward's concession which have been a significant source of problems.
- Steward has repeatedly claimed that its Maltese operations are loss-making when seeking further funding from the government.

A background to the Malta concession scandal is also annexed to this report.

Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Medical Properties Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

Important Disclaimer – Please read before continuing.

This report has been prepared for educational purposes only and expresses our opinions. This report and any statements made in connection with it are the authors' opinions, which have been based upon publicly available facts, field research, information, and analysis through our due diligence process, and are not statements of fact. All expressions of opinion are subject to change without notice, and we do not undertake to update or supplement any reports or any of the information, analysis and opinion contained in them. We believe that the publication of our opinions about public companies that we research is in the public interest. We are entitled to our opinions and to the right to express such opinions in a public forum. You can access any information or evidence cited in this report or that we relied on to write this report from information in the public domain.

To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. We have a good-faith belief in everything we write; however, all such information is presented "as is," without warranty of any kind – whether express or implied.

In no event will we be liable for any direct or indirect trading losses caused by any information available on this report. Think critically about our opinions and do your own research and analysis before making any investment decisions. We are not registered as an investment advisor in any jurisdiction. By downloading, reading, or otherwise using this report, you agree to do your own research and due diligence before making any investment decision with respect to securities discussed herein, and by doing so, you represent to us that you have sufficient investment sophistication to critically assess the information, analysis and opinions in this report. You should seek the advice of a security professional regarding your stock transactions.

This document or any information herein should not be interpreted as an offer, a solicitation of an offer, invitation, marketing of services or products, advertisement, inducement, or representation of any kind, nor as investment advice or a recommendation to buy or sell any investment products or to make any type of investment, or as an opinion on the merits or otherwise of any particular investment or investment strategy.

Any examples or interpretations of investments and investment strategies or trade ideas are intended for illustrative and educational purposes only and are not indicative of the historical or future performance or the chances of success of any particular investment and/or strategy. As of the publication date of this report, you should assume that the authors have a direct or indirect interest/position in all stocks (and/or options, swaps, and other derivative securities related to the stock) and bonds covered herein, and therefore stand to realize monetary gains in the event that the price of either declines.

The authors may continue transacting directly and/or indirectly in the securities of issuers covered on this report for an indefinite period and may be long, short, or neutral at any time hereafter regardless of their initial recommendation.

1. Investment in Steward Health Care International Ltd

On May 11, 2020, MPW closed a **$205m investment for 49% of a JV** with Steward founder, Ralph De La Torre, to "**invest in select international hospitals"** ("**the JV**"). The JV was said to have purchased "rights and existing assets related to all present and future international opportunities previously owned by Steward".

> MPT closed in mid-May on a $205 million investment to own 49% of a joint venture with Steward CEO and Founder Dr. Ralph de la Torre and members of his management team organized to invest in select international hospitals. The distinct entity simultaneously purchased from Steward the rights and existing assets related to all present and future international opportunities previously owned by Steward for strategic, regulatory, and risk

Figure 2 – MPW Q2 2020 Results Announcement – Jul 30, 2020[1]

Related to this transaction, MPW also announced that it would invest a ***further*** "$100 million in a portfolio of three hospitals in underserved areas of Colombia". These would be operated by the JV.

> management purposes. In a transaction expected to close in the fourth quarter, MPT expects to invest $100 million in a portfolio of three hospitals in underserved areas of Colombia to be operated by the new joint venture.

Figure 3 – MPW Q2 2020 Results Announcement – Jul 30, 2020

Despite announcing that the JV's business would be to "invest in select international hospitals", MPW CEO, Ed Aldag, clearly states on the conference call that the JV is an "opco", meaning that it will not "invest" in hospitals: it will operate them.

> **Edward K. Aldag**
> *Founder, Chairman, President & CEO*
>
> Yes. So it is, Tayo, this $205 million in the opco joint venture and then $100 million in the real estate that we own 100% of. What it gets us in the opco joint venture is that Steward has been working several international markets, only one of which we're prepared to announce today, and that's Colombia. They put an awful lot of time and effort and infrastructure in place, and that's what the $205 million is for. Is that clear, Tayo?

Figures 4 – MPW Q2 2020 Earnings Call – Jul 30, 2020

The Steward Angle

This JV transaction is reported in more detail in the 2020 Steward Health Care System's ("**Steward Systems**") financial statements.

Steward claims that it divested **Steward Health Care International Holdings Ltd** ("**Steward International**") to a joint venture controlled by Steward's "management equity holders" and MPW for $200m.

> **(6) Related Party Transaction**
>
> On May 11, 2020, there was a related party transaction involving Steward Health Care International Holdings Ltd ("Steward International"), the System's international operations. Steward International was transferred to a company owned by certain of the System's management equity holders and Medical Properties Trust, Inc. (MPT). The System received $200.0 million in cash for the sale of Steward International. Total assets sold by the System were approximately $27.0 million, resulting in a net cash contribution from the management equity holders of $173.0 million to the System. The transaction has been accounted for as a related party transaction and is shown as a contribution to equity on the accompanying consolidated statement of changes in members' deficit of $130.5 million after taking into account the tax impact of the contribution.

Figures 5 – MPW Q2 2020 Earnings Call – Jul 30, 2020

Key Takeaways

- MPW appears to have entirely funded the JV with $205m, for which they received a minority stake of 49%.
- The JV acquires Steward International for $200m, resulting in a $173m gain-on-sale to Steward.
- MPW paid 7.4x premium to book for Steward International. We will explore these assets. This is consistent with revenue round tripping. The only winner otherwise is Ralph De La Torre. The transaction is entirely uncommercial.
- MPW committed $100m to purchasing 3 Colombian hospitals, which will be operated by the JV.

[1] https://www.medicalpropertiestrust.com/press-release?page=https://medicalpropertiestrust.gcs-web.com/news-releases/news-release-details/medical-properties-trust-inc-reports-second-quarter-results-4

2. Who Owns Steward International?

We'll preface this section by stating that, to our knowledge, **MPW has never disclosed the name of its JV entity with Ralph De La Torre**. This is an enormous red-flag. Off-balance sheet entities create the potential for theft, round-tripping, or even hiding losses, and should be heavily scrutinized.

Steward's financials claim that the JV purchased "Steward Health Care International Holdings Ltd", a British entity:

STEWARD HEALTH CARE INTERNATIONAL HOLDINGS LIMITED

Company number **11934840**

Follow this company

Overview | Filing history | People | More

Registered office address
160 Aldersgate Street, London, United Kingdom, EC1A 4HT

Company status **Dissolved**	Dissolved on **22 February 2022**
Company type **Private limited Company**	Incorporated on **9 April 2019**

Figure 6 – Extract from UK Companies House[2]

From the date of the JV transaction announcement until its dissolution in February 2022, almost 2 years after it was acquired by the JV, Steward International was always owned by Steward Systems. It never changed hands.

A confirmation statement was lodged on 22 April 2020 showing Steward International as sole shareholder. A subsequent confirmation statement was made on 22 April 2021 with "no updates". The company was subsequently struck-off.

		Shares held at confirmation date	Shares transferred (if appropriate)	
Shareholder's Name (Address not required)	Class of share	Number of shares	Number of shares	Date of registration of transfer
Steward Health Care System LLC	Ordinary	50,000		/ /
				/ /

Date	Description	View / Download
22 Feb 2022	**Final Gazette** dissolved via compulsory strike-off	View PDF (1 page)
07 Dec 2021	**First Gazette** notice for compulsory strike-off	View PDF (1 page)
01 Jul 2021	**Registered office address changed** from Suite 1, 3rd Floor 11 - 12 st. James's Square London SW1Y 4LB United Kingdom to 160 Aldersgate Street London EC1A 4HT on 1 July 2021	View PDF (2 pages)
01 Jul 2021	**Confirmation statement** made on 22 April 2021 with no updates	View PDF (2 pages)
22 Jun 2021	**Compulsory strike-off action has been discontinued**	View PDF (1 page)
15 Jun 2021	**First Gazette** notice for compulsory strike-off	View PDF (1 page)
10 Jun 2020	**Confirmation statement** made on 22 April 2020 with updates	View PDF (6 pages)

Figure 7 – Extract from Steward International Confirmation statement – 10 Jun 2020

What did the JV acquire for $200m?

[2] https://find-and-update.company-information.service.gov.uk/company/11934840

3. What did Steward International Own?

The only assets Viceroy believe Steward International owned at the date of the JV transaction were in Malta. This is corroborated by wayback archives of Steward International's website in early 2021[3].

Indeed, at the date of the JV's fictional acquisition of Steward International, Steward's Malta "Holdco", Steward Health Care International Ltd Malta ("**Steward Malta**") was 100% owned by Steward International.

Folio in register ledger containing particulars	Names Addresses (in the case of a body corporate, its registered office)	Account of Shares Number of shares held by existing members at date of return *#	Particulars of shares transferred or transmitted *causa mortis* since the date of the last return, or, in the case of the first return, of the registration of the company by (a) persons who are still members and (b) persons who have ceased to be members ** Number #	Date of Registration of transfer	Remarks
		Ordinary	(a)	(b)	
	Steward Health Care International Holdings Limited Suite 1, 3rd Floor, 11-12 St. James's Square, London SW1Y 4LB, United Kingdom. (Reg. No. 11934840)	**150,000**			
	TOTAL	**150,000**			

Figure 8 – Steward Malta – Annual Return for period ending 1 November 2020

In a bizarre turn of events, Steward Malta lodged a correction to this 2020 Annual Return in November 2021, along with a transfer of ownership form, in August 2022 – almost 2 years after the JV supposedly acquired Steward International.

These claim, retrospectively, that Steward Malta was transferred to Steward Health Care International S.L. Spain (formerly Cordiant Healthcare Services KSA, S.L, referred to herein as "**Steward Spain**") on 12 May 2020, **one day after the MPW closed the JV investment**.

PWC needs to pay attention here. This document appears to have been <u>**backdated**</u> by over 1 year.

REGISTRY RECEIVED OF COMPANIES 18 AUG 2022

G.A.

Steward Health Care International Ltd
Steward Malta,
St. Luke's Hospital Campus,
Gwardamangia Hill,
Pieta', Malta.
Co. Reg. No. C 83293

AS
25 AUG 2022

Malta Business Registry
AM Business Centre,
Triq il-Labour,
Zejtun.

10th November 2021

Dear Sir/Madam,

I hereby declare that annual return submitted for the company for the year 2020 was erroneously submitted. Kindly note that the shareholder of the company should have been declared as Cordiant Healthcare Services KSA, S.L. as Steward Health Care International Holdings Limited transferred 150,000 Ordinary shares to Cordiant Healthcare Services KSA, S.L. on 12th May 2020. Please find attached to this letter updated annual return showing the correct involvements.

Figure 9 – Extract from Steward Malta Annual Return correction notice

[3] https://web.archive.org/web/20210314205135/https://www.stewardinternational.org/

4. Who Owns Steward Spain? – "Manolete"

Dozens of filings pulled from Spanish business registries show that Steward Spain's *immediate* parent entity is a Delaware company called **Manolete Health Management LLC**. It appears that Manolete Health Management LLC exists in a group of Delaware companies which include Manolete Health LLC and Manolete Health Holdings LLC.

A similarly named entity, **Manolete Health Limited**, was incorporated and immediately dissolved by **Ralph De La Torre** in the UK[4].

Ralph DE LA TORRE

Filter appointments

☐ Current appointments

Total number of appointments 1

Date of birth
July 1966

MANOLETE HEALTH LIMITED (12565831)

Company status	Correspondence address
Dissolved	**160 Aldersgate Street, London, United Kingdom, EC1A 4HT**
Role	Appointed on
Director	**21 April 2020**

Figure 10 – UK Companies House Extract

All of these entities were created in April 2020, the month preceding the JV transaction.

MPT Manolete Opco TRS, LLC – 49% JV Interest Holder

Curiously, MPW also has a subsidiary titled "Manolete", also in Delaware, and created only days before the date of the JV transaction.

MPT MANOLETE OPCO TRS, LLC

Company Number	7961917
Incorporation Date	7 May 2020 (almost 3 years ago)
Company Type	Domestic Limited Liability Company
Jurisdiction	Delaware (US)
Controlling Company	MEDICAL PROPERTIES TRUST, INC
Registered Address	New Castle, DE United States
Agent Name	THE CORPORATION TRUST COMPANY
Agent Address	CORPORATION TRUST CENTER - 1209 ORANGE ST - WILMINGTON DE 19801
Directors / Officers	THE CORPORATION TRUST COMPANY, agent
Registry Page	https://icis.corp.delaware.gov/Ecorp/...

Figure 11 – UK Companies House Extract[5]

MPT Manolete Opco TRS appears hold MPW's 49% JV equity interest in Steward International.

[4] Manolete is the name of one of the greatest bullfighters of all time.
[5] It is likely that Ralph De La Torre was unaware that his details would be made public. He actively distanced his registration from his other UK registrations of Steward entities by apparently creating a "second" Ralph De La Torre on the register's system.

Steward Health Care International Investors LLC – 51% JV Interest Holder

Steward Spain's ultimate beneficial owners are Steward Health Care International Investors LLC, based in Delaware ("**Steward Investors**"). Steward Investors is listed as the UBO in Steward Spain's financial accounts for period ending 31 December 2020. We note that, at this date, Steward Malta was already an alleged subsidiary of Steward Spain.

Pertenencia a un grupo de sociedades:		DENOMINACIÓN SOCIAL		NIF
Sociedad dominante directa:	01041		01040	
Sociedad dominante última del grupo:	01061	STEWARD HEALTH CARE INTERNATIONAL INVESTORS LLC	01060	1

Figure 12 – Extract from Steward Spain 2020 Financial Accounts

Steward Investors is also the *only* non-individual listed as an authorized person of Steward Spain.

Name:	STEWARD HEALTH CARE INTERNATIONAL INVESTORS LLC
NIF:	N00237860
Position:	Socio único
Appointment data:	27/05/2020

Figure 13 – Extract from Spanish Business Registries – Steward Spain

Steward Investors appears to hold the 51% JV equity interest in Steward International.

We note that we cannot determine ownership of Steward Investors but note that its registered office is the same address, including Suite, as Steward Systems.

Steward Malta crucially appears to share staff & offices with Steward Systems.

Taxpayer Information

Taxpayer Number	32080709150
Taxpayer Name	STEWARD HEALTH CARE INVESTORS LLC
Taxpayer Address	1900 N Pearl St Ste 2400 Dallas TX 75201
Taxpayer County	Dallas
Permit Date	2020-05-11

1900 N. Pearl Street, Suite 2400
75201 Dallas, TX, US
Get Directions

Steward Health Care System Location

+1 469-341-8800

Contact Steward Health Care System Corporate Headquarters on Messenger

www.steward.org

Figures 14 & 15 – Steward Investors LLC OpenGov extract[6] & Steward Corporate HQ Address (LinkedIn)

[6] https://opengovus.com/texas-taxpayer/32080709150

5. The JV Structure – Viceroy Research

Viceroy's investigations show a much clearer picture of MPW's Steward International JV structure.

We have developed a rough corporate tree which illustrates the *current* structure of the JV, as it stands, and note that the circumstances surrounding the transaction, what MPW paid for, and what MPW received, are completely fabricated and intentionally opaque.

This behavior is consistent with money laundering and revenue round tripping.

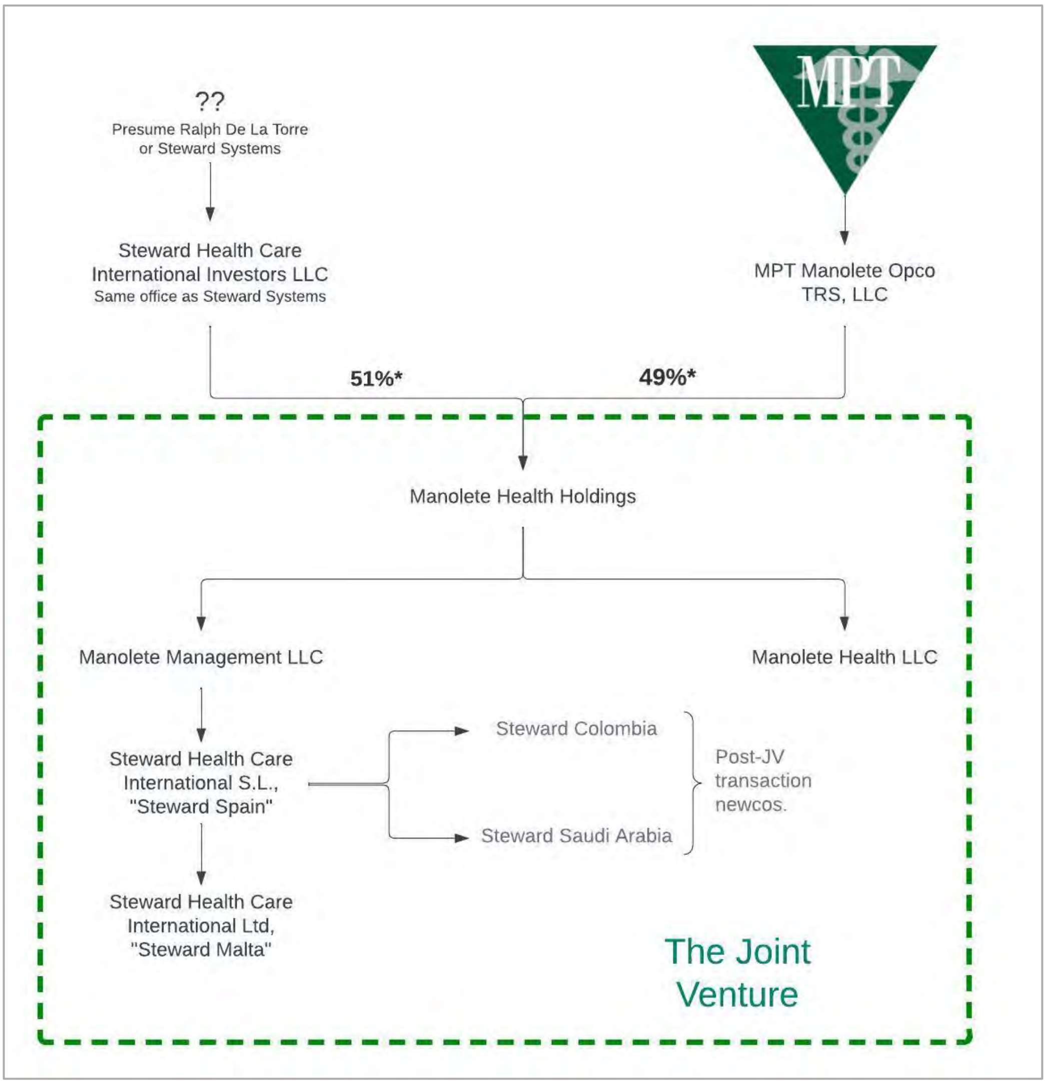


Figure 16 – Viceroy Analysis

Given the intentionally opaque nature of the JV, we note that there may be further entities which fall between various HoldCos and Opcos and Management Cos. From our understanding. This is substantially the current structure.

"NOT US"

Despite piecing together dozens of filings to detail JV ownership of Steward Internal, both **MPW and Steward Systems explicitly deny owning any part of Steward International and Steward Malta.**

7. "We do not own Malta"

Under fire from the media: Steward Malta made the strange and impossible claim that it had no connection to both MPW and Steward, directly contradicting statements made by both.

> Neither SHCI nor SHCM have any current commercial connection to MPT, nor any legal connection to Steward operations in the US. As such the link to MPT as depicted in the article is completely false, the company said.

Figure 17 – Steward denies it will sell Barts – Malta Independent[7]

When Steward was queried further regarding the structure of the JV by MaltaToday journalist, Matthew Vella, he received this response:

> *"…**Ahead of the 2020 transaction** to which you refer, **Steward Health Care International owned a collection of rights, intellectual property and subsidiaries. Most of the assets were sold into the international joint venture you mention**; however, **the name 'Steward Health Care International' and the subsidiary, Steward Health Care International-Malta, were sold to a Madrid-based and incorporated company** – the current Steward Health Care International. **This company now owns and runs the Maltese operations** and is a **fully independent** company **not related to Steward Health Care Systems LLC or the joint venture**.*
>
> ***As it is a fully independent entity, Steward Health Care International is not in a position to respond to questions relating to the ownership** or the activities of the joint venture or Steward Health Care Systems LLC, nor the activities of its shareholders. Any questions on these matters must be addressed to the relevant parties..."*
>
> - **Steward Malta Spokesperson** – provided to Viceroy Research by **Matthew Vella** of **MaltaToday**

This entire recollection of events appears to be completely fabricated and backdated by Steward & MPW.

- MPW and Steward Systems annual financial statements and disclosures state that **the JV purchased Steward Health Care International Ltd and rights to all of Steward's present and future international opportunities on 11 May 2020**.
  - At the date of acquisition, **Steward Health Care International Ltd owned Steward Malta**.
- **Steward Health Care International Ltd was never transferred to a JV** and deregistered in February 2022.
- 2 years after the JV transaction date, and 6 months after the deregistration of Steward Health Care International Ltd: **Steward Malta lodged a backdated letter to the Malta companies house, stating that Steward Malta had been transferred to Steward Spain on May 12, 2020**.
  - This followed, not preceded, the JV's purported May 11, 2020, acquisition of Steward International.
- Steward Spain, the current owner of Steward Malta, appears to be held by **Manolete Health Holdings: the JV holding vehicle**.
  - **MPW appears to hold its 49% stake in the JV via MPT Manolete Opco TRS**
  - The remaining 51% controlling holder of the JV, purportedly controlled by Ralph De La Torre, is Steward Health Care International Investors LLC
- "Commercial connections" between MPW and Steward Malta appear relatively straight forward.
- **Steward Malta's UBO operates out of Steward System's headquarters and shares staff and management with Steward Systems**.

Even if MPW insist they don't know Steward Malta, then what did the did the $205m buy!?

---

[7] https://www.independent.com.mt/articles/2022-02-01/local-news/Steward-International-denies-it-will-sell-Barts-says-it-is-completely-renegotiating-hospital-deal-6736240285

8. Hot Potato – Who Wants Malta?

It is already clear that the circumstances surrounding the JV appear tantamount to money laundering. Hold onto your hats. We presume readers have some background Malta's highly controversial/corrupt hospital concession scandal. In any case, we have **Annexed to this report a quick breakdown of the story**.

Put simply, Steward purchased a Maltese hospital concession obtained through corruption while retaining the key actors in that corruption. Viceroy will show in this section how the same individuals that brokered the Vitals deal came to work for Steward in their international campaign.

Steward acknowledged in "irregular and collusive practices" (read: corrupt) that led to the Vitals concession. Strange that it would then go on to work with so many of those individuals following.

> The Steward companies claimed that MANV had been involved in "irregular and collusive practices" on the 30-year hospitals concession granted by the Maltese government.

Figure 18 – Steward drops its legal bid to avoid US$6.5m payment – Times of Malta[8]

Vitals Global Healthcare & Major Players – What KYC/AML?

Vitals Global Healthcare ("**VGH**") appear to have originally obtained the Malta hospital concession through corrupt means. Steward is VGH's successor, in the sense that Steward has purchased the concession.

The Shift has a fantastic investigative series on the "Vital Hospital Deal". It can be found here[9].

Behind the Vitals deal were Bluestone Investments and the following individuals (among others). This section provide a brief of their involvement in the VGH scandal, and highlight that **many worked for, or still work for, Steward International.**

We note that substantially all of these player appear to be "of interest" in the running criminal enquiries surrounding VGH. They may be subject to formal criminal proceedings subject to outcomes of legal cases submitted by Malta politician and Muscat opponent, Adrian Delia.

Ram Tumuluri - Investor in Bluestone

Mr. Tumuluri appears to be a career con man. Extensively written about by the late Daphne Caruana Galiza.

> **Running Commentary**
> Daphne Caruana Galizia's Notebook
>
> **Ram Tumuluri: From running a Canadian lakeside hotel into insolvency to running Malta's public hospitals**

Figure 19 – Extract from Running Commentary – November 4, 2016[10]

Mr. Tumuluri has subsequently been suspected of replicating VGH's fraudulent model in Mumbai, as his brand-new company was awarded a €332m to procure double decker and electric busses. Mr. Tumuluri has no background in busses. Legislative assembly members in India labeled Mr. Tumuluri an "international scammer"[11].

Previously, Mr. Tumuluri has been accused of abandoning failed projects in Canada, which now face "big lawsuits", according to investors left holding the bag[12]. Albanian news outlet Exit News states that Ram Tumuluri and Shaukat Ali were "involved in both VGH and Steward"[13].

[8] https://timesofmalta.com/articles/view/steward-drops-its-legal-bid-to-avoid-us65m-payment.934738
[9] https://theshiftnews.com/category/investigations/hospital-deal/
[10] https://daphnecaruanagalizia.com/2016/11/ram-tumuluri-running-canadian-lakeside-hotel-insolvency-running-maltas-public-hospitals/
[11] https://theshiftnews.com/2022/03/18/ram-tumuluri-suspected-of-replicating-fraudulent-malta-vgh-model-in-mumbai/
[12] https://ram-tumuluri.yolasite.com/
[13] https://english.republika.mk/news/macedonia/suspicious-businessman-with-ties-to-gaddafi-is-zaevs-contact-for-a-major-healthcare-project/

Shaukat Ali Ghafoor & Asad Ali – Investors in Bluestone.

Shaukat Ali Ghafoor & his son[14], Asad Ali, appear to be a career con men. Along with his son, Asad Ali, Shaukat was signatory to the original MoU which awarded the corrupt hospital concession to VGH[15] in 2014.

Power broking for Steward

Shaukat Ali allegedly brokered similar agreements to that in Malta with the governments of Montenegro, Macedonia and Albania wherein Vitals was the original counterparty, later replaced by Steward.

- Media reports indicate that Steward retained the services of Shaukat Ali to negotiate with the Northern Macedonian government led by Prime Minister Zoran Zaev[16].
- In May 2018 Macedonian prime minister Zaev allegedly met with then-Prime Minister of Malta Joseph Muscat and Shaukat Ali to discuss the privatization of North Macedonian hospitals. Albanian news outlet Exit News claims that there are photos evidencing that the meeting took place, but these photos have not been publicized.
  - By then Steward had announced its takeover of the VGH concession in Malta (this happened on 20 December 2017)[17].
- Albanian news outlet Exit News states that Ram Tumuluri and Shaukat Ali were "involved in both VGH and Steward"[18].

Other issues

- Shaukat Ali had previously tried to buy the St James hospital together with Tumuluri and Gupta but the deal fell through when they were unable to come up with a down payment[19].
- Both Shaukat Ali Ghafoor and Asad Ali are "investors" in Ram Tumuluri's suspected fraudulent scheme to supply busses to India[20].
  - Indian political figures also allege that Asad Ali is involved with the hawala business, an informal remittance network that operates in the middle east and India.
- Shaukat Ali also received suspicious payments from Accutor Limited, a company that acted as a go-between for under-the-table payments relating to the hospital concession to Muscat, Tumuluri and Bluestone. Swiss banking and accounting records reviewed by the Times of Malta showed Steward wired Accutor EUR3.6m, 2.49m of which was wired on the same day it issued a statement that it was taking over the Vitals concession[21]. For their part Steward claimed ignorance, saying that it was directed to make those payments by Vitals management.
  - Two of Accutor's directors resigned simultaneously when they found that these payments had been hidden from them[22].
- Asad Ali was previously a major shareholder in Corporate International Consultancy, a company headed by John Dalli, former EU commissioner found to have taken bribes and operated several frauds[23].

[14] https://www.maltatoday.com.mt/news/national/84246/saint_james_hospital_the_botched_sale_and_the_middleman#.YkdV5igpCUk
[15] https://theshiftnews.com/2018/01/27/vitals-ownership-untangling-the-web/
[16] https://english.republika.mk/news/macedonia/suspicious-businessman-with-ties-to-gaddafi-is-zaevs-contact-for-a-major-healthcare-project/
[17] https://www.maltatoday.com.mt/news/national/83233/vitals_selling_malta_hospitals_concession_american_steward_healthcare#.YkdVsigpCUk
[18] https://exit.al/en/2020/03/03/company-eyeing-lucrative-healthcare-ppp-in-albania-owes-e12-million-to-maltese-government/
[19] https://www.maltatoday.com.mt/news/national/84246/saint_james_hospital_the_botched_sale_and_the_middleman#.Y-O2s3bMKUk
[20] https://theshiftnews.com/2022/03/18/ram-tumuluri-suspected-of-replicating-fraudulent-malta-vgh-model-in-mumbai/
[21] https://timesofmalta.com/articles/view/joseph-muscat-wired-thousands-of-euro-by-swiss-firm-linked-to-vgh.913212
[22] https://timesofmalta.com/articles/view/former-partners-raise-red-flags-on-man-behind-joseph-muscat-payments.913224
[23] https://www.nytimes.com/2017/05/12/world/europe/dalli-eu-fraud-ponzi-scheme.html

Mark Pawley – Investor in Bluestone

Mark Edward Pawley represented majority Bluestone Special Situation 4 Ltd, Vitals' ultimate beneficial owner.

A court filing by KPMG Singapore for nonpayment relating to services to Bluestone Special Situations 4 shows Pawley is indeed the UBO of Bluestone. Amusingly the legal actions hinge on Pawley's attempted avoidance of a personal guarantee over Bluestone[24].

While the judgment is silent on what exactly KPMG was doing for Bluestone, the timing and labelling of the charges suggest it was for advisory services related to the Vitals deal.

63 The updates which Mr Pawley received included an email from KPMG (S) dated 15 August 2014 which set out the deliverables provided and a breakdown of fees for:[57]

(a) pre-deal financial and tax due diligence (US$ 470,000, "as per [LOE] signed 24 January 2014");

(b) addendum and updates to report (US$200,000, as "[p]reviously communicated … which includes a 25% discount"); and

(c) tax structuring (US$269,000, as "[p]reviously communicated … which includes a 25% discount").

64 The amounts KPMG (S) invoiced were agreed to by Mr Pawley before the invoices were issued:

(a) on 21 February 2014, KPMG (S) emailed Mr Pawley to say that it would need to issue its invoice for half of some US$400,000 with disbursements of US$6,500;[58] Mr Pawley replied on 22 February 2014, saying "[t]hanks for the heads up. By all means submit the bill",[59] and on 17 March 2014 KPMG (S) duly invoiced US$200,000 in professional fees and US$6,500 in disbursements, as agreed;

(b) on 14 January 2016, KPMG (S) informed Mr Pawley, "[t]he [total] amount we will invoice is US$939,000 plus [US]$15,000 expenses and taxes as applicable – please confirm prior to us issuing invoice", Mr Pawley replied "[y]ep",[60] and on 19 January 2016 KPMG (S) duly invoiced the balance US$739,000 in professional fees and US$8,500 in disbursements[61] (making a total of US$939,000 and US$15,000 in disbursements, as agreed).

Figure 20 – Suit No 264 of 2019 High Court of Singapore

Pawley further claimed in a December 2020 transcript that Bluestone had no assets and was not in a position to pay KMPG.

Bluestone effectively began funneling money out of Vitals as quickly as it came in. In fact, it's clear that Vitals was simply a conduit of cash from the Maltese government to Bluestone.

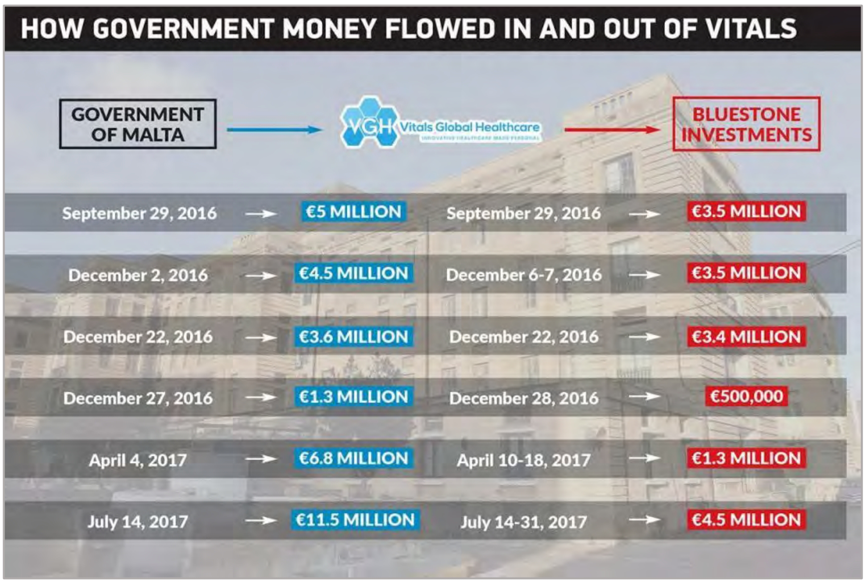


Figure 21 – Millions of euros shifted out of Vitals on days of government payments – Times of Malta[25]

Pawley along with Tumuluri also signed a backdated EUR400k a year contract for himself that Steward would eventually pay out of their pocket[26].

[24] https://www.elitigation.sg/gd/s/2021_SGHC_54
[25] https://timesofmalta.com/articles/view/millions-euros-shifted-vitals-days-government-payments.970193
[26] https://www.maltatoday.com.mt/news/national/100845/vitals_directors_paid_themselves_1_million_annually_in_contract_drawn_up_months_before_exit#.Y-NnoXbMKUk

Armin Ernst – CEO of Steward International, former CEO of VGH

Ernst was a previous Steward employee, who then became the head of VGH, and then became Steward International's CEO in the collapse of VGH. The Times of Malta state that these roles appear to overlap for extended periods[27].

Ernst was actively involved in various questionable transactions at VGH, even as Steward attempt to distance themselves from VGH's alleged fraud and could not deliver on any of VGH's financial obligations required under its concession. VGH nonetheless accepted €50m in concessions from the Government through these concessions[28].

Ernst also accompanied VGH staff and investors to various Eastern European countries in an apparent attempt to replicate VGH's scheme in Malta.

Ambrish Gupta – Investor in Bluestone

Ambrish Gupta is the owner of Medical Associates of Northern Virginia (now Inovadocs), an early investor in the Vitals project who funded its expenses through a loan. As part of a dispute between Vitals investors a settlement was reached to pay MANV $10m, 5m immediately and 5m later which was never paid.

While we do not have enough visibility to say for certain it appears as though Gupta's role in the Vitals saga extended as far as this bridge loan. It is over this unpaid $5m that Gupta sued Steward Health Care in the UK.

Nadine Delicata – VP of Operations at Vitals

Steward Health Care Malta's Executive Director and President Nadine Delicata was formerly VP of Operations at Vitals Global Healthcare[29,30]. Delicata wrote a piece for the Independent trashing Vitals and praising Steward while neglecting to mention her own involvement in the situation[31].

[27] https://timesofmalta.com/articles/view/20171222/local/vitals-ceo-profile-says-he-worked-simultaneously-for-new-concession.666264
[28] https://theshiftnews.com/2018/02/25/key-questions-no-answers/
[29] https://mt.linkedin.com/in/nadine-delicata-4068a827
[30] https://www.independent.com.mt/articles/2017-04-02/local-interviews/VGH-will-ensure-equity-of-care-for-NHS-patients-and-paying-patients-6736172385
[31] https://timesofmalta.com/articles/view/stewards-president-things-were-actually.932314#cta_comments

Maltese government officials

Joseph Muscat – Disgraced former Prime Minister

Disgraced former Maltese Prime Minister, **Joseph Muscat**, has been and appears to continue to be involved in government negotiations between Steward and VGH[32]. Muscat resigned unceremoniously in controversy surrounding his alleged involvement in the murder-for-hire assassination of journalist, Daphne Caruana Galiza, who wrote extensively on this fraudulent Maltese concession.

Muscat was also accompanied by Steward representatives in his visits to Macedonia to cheerlead for a public-private partnership there.

Shaukat was also seen in meetings between Steward and foreign governments, alongside Joseph Muscat[33].

Muscat received EUR60k in suspicious payments, claiming that this was in exchange for consultancy work he carried out by the firm.

Nonetheless, scrutiny over the deal led to a raid on Muscat's home by Maltese police in January 2022 over the ongoing corruption probe.

Konrad Mizzi – Disgraced former Tourism Minister

Former Maltese tourism minister Konrad Mizzi was the individual who set in motion the Vitals saga by awarding the 30-year concession to Vitals in the first place in 2015 through Projects Malta, a company under his purview. Later investigations by the National Audit Office would show that the MoU with Vitals was signed **before** a request for proposals was submitted.

The original agreement required funding to be secured before the concession became effective, a requirement waived six months later by MIzzi[34].

Mizzi also signed the 2019 agreement with Steward that contained an "escape clause", part of a EUR28m loan stating that any termination of the concession in a court of law would constitute a government default while granting Steward a EUR100m pay-out.

Keith Schembri

Keith Schembri is the former chief of staff to Joseph Muscat who resigned in relation to the murder investigation of Maltese journalist Daphne Caruana Galizia.

A design firm owned by Schembri's wife and himself, 3City design, received payment from Vitals and then Steward. These payments began around the time Steward was in talks to buy the concession from Vitals and were to design a carpark at the hospital although this duty belonged to the local council. After taking over the concession from Vitals Steward kept up the payments for another 9 months.

The entity through which Schembri owned his stake in 3City was Kasco, which was used for money laundering in a separate case. Both Schembri and his wife were charged with money laundering in 2021 with prosecutors alleging EUR1.5m were laundered through the company from 2008 to 2020.

---

[32] https://www.independent.com.mt/articles/2020-01-25/local-news/Muscat-s-presence-at-OPM-Steward-Healthcare-meeting-raises-eyebrows-6736218873

[33] https://web.archive.org/web/20200202231116/https://exit.al/en/2020/01/31/ppp-by-stealth-north-macedonia-a-disgraced-ex-prime-minister-and-ramas-healthcare-propaganda/

[34] https://theshiftnews.com/2018/02/25/key-questions-no-answers/

9. Implication

It’s easy to get lost in the details of the Maltese transaction but the key takeaways are:

- **Steward purchased the Maltese hospital concession knowing it was connected to corrupt practices**.
- **Vitals had no reliable accounting records** to speak of, a fact that would have come up in Steward and MPW’s due diligence processes.
- **The individuals behind those corrupt practices (Ernst, Shaukat and Asad Ali) would remain involved with Steward**, either directly in Ernst’s and Asad Ali’s case or indirectly with Shaukat Ali cheerleading projects in eastern Europe.
- **Vitals was systematically looted by its shareholders** and had no intention or capability of ever fulfilling the concession.
- Maltese courts will present a **decision on revoking the Steward's concession** which have been a significant source of problems.
- **Steward has repeatedly claimed that its Maltese operations are loss-making** when seeking further funding from the government.

It’s not hard to see why no one wants Malta.

Annexure – Background: Malta Hospital Concession

In this section, **we will explain why MPW and Steward are playing hot potato with Steward Malta**. This is by no means a full background to one of the most fascinatingly long winded, and most obviously corrupt, political healthcare deals of all time. We take our hats off to the various journalists who uncovered this corruption.

In 2015 Projects Malta, a company under the purview of then tourism minister Konrad Mizzi, awarded a 30-year concession to Vitals Global Healthcare ("**VGH**") to operate and modernize three previously state-owned hospitals: the St. Luke's Hospital, Karen Grech Rehabilitation Hospital and Gozo General Hospital.

The deal immediately attracted media controversy in Malta because VGH had no track record as a healthcare operator and refused to disclose its beneficial owners. It also became the subject of allegations that the deal between the Maltese government and VGH was arranged ahead of the public tender for the concession.

It was uncovered that VGH was connected to various career con men.

In the next two years, VGH also failed to honor its contractual obligations to the Maltese government. While it received around 70 million annually to run the hospitals, it failed to make the required EUR 220 million in capital expenditures.

Preliminary Malta Investigations - NAO

In 2018 Adrian Delia, the leader of the main opposition party, the Nationalist Party, called on the National Audit Office ("NAO") to probe the government's agreement with VGH. He also filed a lawsuit against former prime minister Joseph Muscat, VGH, the Attorney General, the CEO of Malta Industrial Parks Limited and the chairman of the board of the Lands Authority. Delia asked the court to cancel the contract underlying the concession for the three hospitals, and to re-nationalize the hospitals[35].

The NAO published its report in July 2020. It found "proof of collusion" between government decision-makers and VGH. Specifically, the NAO alleges that the government signed a memorandum of understanding ("MoU") with VGH several months before publishing its request for proposals ("RfP"). VGH then effectively used the MoU to raise financing for the project and entered into an agreement with Bank of India several days before the publication of the RfP[36].

Hearings related to Delia's lawsuit have produced testimony confirming other controversial aspects of agreements related to the hospital concession. Current health minister Chris Fearne confirmed that in August 2019 Mizzi signed an agreement with Steward that contained an 'escape clause'.

The clause forms part of a EUR 28 million loan agreement between the Bank of Valetta and Steward. It states that any termination of the concession agreement in a court of law – even if Steward was in breach of contract – would be considered a government default. It means that under these circumstances all liabilities in conjunction with the hospitals would be passed on to the government, while Steward would receive, among other things:

- a EUR 100 million contractual pay-out for its equity[37]
- the ability to sell properties to MPW via long-dated leaseholds[38]

---

[35] https://www.independent.com.mt/articles/2021-01-18/local-news/Joseph-Muscat-to-testify-in-VGH-case-6736230247
https://www.maltatoday.com.mt/news/national/107086/hospitals_steward_facility_managers_cabinet_deal#.Y-DSDHbP1aY
https://www.independent.com.mt/articles/2021-03-01/local-news/Mizzi-OPM-were-holding-parallel-talks-with-VGH-behind-Fearne-s-back-court-hears-6736231430
[36] https://www.independent.com.mt/articles/2020-07-12/blogs-opinions/Lock-them-up-6736225028
[37] https://www.maltatoday.com.mt/news/national/120727/labour_braced_for_steward_fallout_over_penalty_fraud_investigation_#.Y-MU8nbP1aY
[38] https://www.maltatoday.com.mt/news/national/114729/steward_2019_unsigned_memorandum_included_plan_to_sell_barts_leasehold#.Y-MJNHbP1aY

Steward acquires hospital concession

In 2018 VGH sold its hospital concession to Steward for a symbolic price of EUR 1, having amassed net liabilities of €27m in less than two years of operation. However, a settlement between Steward and former investors in VGH about a an allegedly backdated contract meant that Bluestone Investment Management, VGH's parent, and Ram Tumuluri, one of its promoters, received a combined €15 million from Steward[39].

The key driver behind the transaction was reportedly VGH's former CEO Armin Ernst. **He had been an administrative officer at Steward, before joining VGH as its CEO in June 2016**. **He then left VGH in October 2017 and later re-joined Steward as the CEO of its international division, Steward Health Care International**. The division also oversees Steward's hospital concession in Malta.

Steward attempts to re-negotiate contract

The transfer of the concession had to be approved by the Maltese government. It reportedly did so by signing a preliminary MOU with Mizzi, which was expected to govern the parties' relations until a re-negotiation of the concession contract in 2019. The latter never materialized because of the political crisis in Malta that unfolded in November 2019 over allegations that Mizzi and Muscat's chief of staff, Keith Schembri, were involved in the murder-for-hire of investigative journalist Daphne Caruana Galizia in 2017[40].

The contract negotiations were re-launched after Muscat resigned and handed power to Robert Abela in January 2020. Steward reportedly sought higher annual fees to run the hospital – up to EUR 120 million – and more preferable default clauses. Steward's CEO de la Torre and Steward Malta president Armin Ernst were reportedly supported by diplomats from the US embassy[41].

Steward also appears to enjoy the support of former Prime Minister Joseph Muscat. On 26 January, two weeks after Muscat's formal handover of power to party colleague and new prime minister Robert Abela, Muscat reportedly requested a meeting with Abela on behalf of Steward. He is also said to have accompanied Steward Malta CEO Ernst in the subsequent meeting with Abela, deputy prime minister Chris Fearne, principal permanent secretary Mario Cutajar[42].

Criminal Investigations & Recession of Concession

Since 2019 there has also been a criminal inquiry into the government's concession award. In November 2019 the Criminal Court in Malta threw out an appeal by former cabinet ministers Edward Scicluna, Konrad Mizzi and Chris Cardona against conducting a criminal inquiry into the events leading up to hospital concession award. The request for the criminal inquiry had been filed by NGO Repubblika[43] in order to establish whether the ministers had given VGH an unfair advantage. The inquiry is ongoing.

Mr. Delia has subsequently filed a court case in Malta for the recession of the privatization of the Maltese hospitals. The outcome is due in the coming weeks[44].

---

[39] https://www.maltatoday.com.mt/news/national/66633/vital_groups_hospital_management_takeover_kicks_off#.Y-MNzXbP1aY
https://www.maltatoday.com.mt/news/national/107086/hospitals_steward_facility_managers_cabinet_deal#.Y-MN3nbP1aY
https://theshiftnews.com/2018/02/25/key-questions-no-answers/
[40] https://www.theguardian.com/politics/2019/dec/01/malta-pm-joseph-muscat-quits-daphne-caruana-galizia
[41] https://www.maltatoday.com.mt/news/national/104813/americans_put_the_heat_on_ministers_with_moneyval_test#.Y-MYN3bP1aa
[42] https://www.independent.com.mt/articles/2020-01-26/local-news/Muscat-s-presence-at-OPM-Steward-Healthcare-meeting-raises-eyebrows-6736218873
https://www.maltatoday.com.mt/news/national/99979/joseph_muscat_lobbies_robert_abela_to_renegotiate_steward_deal#.Y-MYgnbP1aY
[43] https://timesofmalta.com/articles/view/passport-buyer-milked-millions-vitals-deal.967303
[44] https://www.maltatoday.com.mt/news/national/120727/labour_braced_for_steward_fallout_over_penalty_fraud_investigation_#.Y-DbZnbP1aY

FEBRUARY 13, 2023 REPORT

MPW **Case Study** – Steward International Pt. 2

Steward International falsely denies MPW ownership or control. Viceroy investigations unearth Colombian title deeds and securities filings exposing this lie.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 10

February 13, 2023 – On February 9, 2023, Viceroy Research investigations exposed MPW & Ralph De La Torre's JV's structure, the ownership of Steward Malta, and egregious, and possibly criminal, payments made between MPW, Steward Systems, the JV, and various international entities.

- **Assets purchased by the JV were never transferred to the JV**. There appears to have been **no AML or KYC** checks.
- **The assets that the JV purportedly bought from Steward for $200m were valued at $27m.**
- **MPW & Steward uniformly deny they are related to "independent" Steward International and Steward Malta**. Viceroy's investigation shows that **Steward Malta's UBO is based in Steward's HQ**, and that **MPW appear to own 49% of Steward Malta**. MPW actively lies to investors.
- Steward Malta, its staff, and its concession are the **subject of broad international criminal inquiries**.

Our MPW investigations can be found here.

On February 11, 2023, Steward International doubled down, and stated to MaltaToday journalists that "MPW does not in any way own or control Steward Health Care International". It has also previously categorically denied any commercial relationship with MPW, and any legal relationship with Steward Health Care Systems (US). This was a **honeypot**.

Viceroy investigations will today show that:

- Steward International subsidiary by-laws filed in Colombia, where Steward International operate, **explicitly state MPW is a shareholder of the Manolete Health** companies, who directly own Steward Health Care International SL (Spain), vis a vis Steward Malta and Colombia.
- **Steward International's Colombia venture is equally convoluted, opaque, and dishonest**. MPW have misrepresented the structure of this venture without corrections, leaving analysts in the dark.
- MPW have vastly overpaid for Steward International real assets and operational businesses through uncommercial transactions with Manolete / the Ralph De La Torre JV.

This report will dive into ground-level details of MPW's Colombia exposure. The structure, value, and yield of MPW's proposed Colombian investment varied with the seasons, literally. In all forms of proposed Colombian transactions, MPW massively overpaid for Colombian assets, and financed Steward and/or Ralph De La Torre's entire venture into the market.

- Conflicting statements and filings suggest MPW do not own any direct interest in the properties of Colombian hospitals, despite explicit assertions that MPW would invest $100m in Colombian real assets, which would subsequently be *operated* by its Steward International JV.
- **The value of MPW Colombian mortgages to its Manolete JV vastly exceeds the value of underlying secured assets** and is substantially financed by the equity of Colombian hospital *operators*.
- MPW appears to have entered into financial commitments to invest in Colombian hospitals without any discernible due diligence, and without any transparent or consistent disclosures to stakeholders.

---

*We do not believe MPW auditors can reasonably assure the accuracy of MPW's financial statements, given that **management is actively concealing the group's corporate structure**.*

*We believe a **disclaimer of opinion** is warranted.*

1. Steward Denials

In response to Viceroy's investigations, Steward International provided the following quote to MaltaToday's Matthew Vella, denying any association between Steward International, MPW and Steward Health Care Systems (USA).

> "Manolete and Steward Health Care International are two separate companies, with separate operations, management and corporate structure. MPT does not in any way own or control Steward Health Care International, and saying otherwise is wrong and intentionally misleading. Viceroy's statements are transparently and knowingly false; they plainly have the effect, or are intended, to cause serious and unjustified reputational harm to Steward International; and Steward International will not hesitate to take steps necessary to protect its patients and its reputation."

Figure 1 – Opaque Steward ownership distances Americans from Malta fall-out – MaltaToday[1]

The company goes on to say that it is **fully independent** of Steward Systems and the joint venture that it does not address by name.

> Steward International, now a company registered in Spain, had told MaltaToday it alone is the concessionaire, and was "fully independent" and unrelated to either the joint venture or Steward Systems in the USA.

Figure 2 – Opaque Steward ownership distances Americans from Malta fall-out – MaltaToday

Viceroy have already shown that the Manolete entities are immediate parents of Steward Health Care International through several opaque jurisdictions.

The UBO of Steward International is Steward Health Care International Investors, who share staff and office with Steward Systems. The CEO of Steward International has an active @steward.org email address and appears on the Steward Systems leadership page.

This report will confirm that MPW is a minority JV shareholder in Manolete via bylaw filings lodged by Steward International's Malta subsidiaries. The entire acquisition of Steward International was funded by MPW.

These denials are ridiculous. Steward International is allegedly fully independent of:

- MPW, the company who fully funded the JV to acquire Steward's international assets.
- Manolete, its shareholder according to Spanish company registry filings.
- The unnamed joint venture, which we have identified as Manolete.
- Steward Health Care International Holdings Ltd (UK), the company Steward System sold to MPW and Steward management equity holders.
- Steward System, the company with which its UBO Steward Health Care International Investors LLC shares address and personnel.

Steward's statements, limitations of public disclosures, make any attempt to map out the Steward International ownership speculative at best, especially with ongoing denials of ownership that appear to be patently false.

We do not believe MPW auditors can reasonably assure the accuracy of MPW's financial statements, given that management is actively concealing the group's corporate structure. We believe a disclaimer of opinion is warranted.

[1] https://www.maltatoday.com.mt/news/national/121239/opaque_steward_ownership_distances_americans_from_malta_fallout#.Y-nfo3bMKUk

2. Colombia Filings – MPW Shareholders of Steward International

Readers may be aware of MPW's sizeable and vague investments in Colombia through and/or connected to its Steward International JV with Steward founder, Ralph De La Torre.

Various filings pulled from Steward International subsidiaries in Colombia show that MPW is unequivocally a shareholder in Manolete. These filings include amendments to Steward International subsidiary bylaws, which allows MPT, in its capacity as a shareholder of Manolete, to deliver notice of default to any Steward International subsidiary in the event the subsidiaries are insolvent.

Artículo 43.- Acciones extraordinarias. *Sin perjuicio de cualquier disposición en contrario en estos estatutos, si se ha producido un Incumplimiento Mayor (Major Default, según se define en el Acuerdo de Accionistas) por o con respecto a la Sociedad o cualquiera de sus Subsidiarias (o, con respecto a cualquier garante de sus obligaciones respectivas) (según corresponda, cada una de las cuales es una "Parte Incumplida"), y luego de la entrega por MPT (mientras MPT sea miembro de Manolete Health LLC) a la Sociedad de la notificación de que tal Incumplimiento Mayor ha ocurrido con respecto a dicha Parte Incumplida de acuerdo con los términos y condiciones de estos estatutos y del Acuerdo de Accionistas, el Gerente Especial (Special Manager, como se define en el Acuerdo de Accionistas y que será un funcionario debidamente designado por la asamblea de accionistas en los términos del Acuerdo de Accionistas y estos estatutos) podrá optar por ejercer facultades exclusivas de administración y representación con respecto a dicha Parte Incumplida, y hacer que la Sociedad ejerza su responsabilidad directa y derechos indirectos de administración en cada una de sus Subsidiarias con respecto a dicha Parte Incumplida, los siguientes (el ejercicio de cualquiera de los cuales se denomina en el presente documento "Acción Extraordinaria"):*

"if there has been a Major Default…by or with respect to the Company or any of its Subsidiaries …, and upon delivery by MPT (so long as ***MPT is a member of Manolete Health LLC****) to Company of notice that such Default Major has occurred…*

Figure 3 – Cordiant (Steward Colombia) by-laws amendment and translation

Manolete, in turn, are immediate parent companies of both Steward Malta and Steward Colombia.

BOLETIN 217
ACTOS
CAMBIO DE SOCIO UNICO

NUMERO DE REFERENCIA 387703
DETALLES Sociedad unipersonal. Cambio de identidad del socio único: MANOLETE MANAGEMENT LLC.
DATOS REGISTRALES **T 40425, F 42, S 8, H M 717963, I/A 4 (03.11.2020)**

DENOMINACION SOCIAL **STEWARD HEALTH CARE INTERNATIONAL SL**
NUMERO DE INSCRIPCION 5
BOLETIN 218
ACTOS
CESES/DIMISIONES
NOMBRAMIENTO
OTROS CONCEPTOS

FECHA DE INSCRIPCION 04/11/2020
FECHA DE PUBLICACION 12/11/2020
NUMERO DE REFERENCIA 389580
DETALLES Ceses/Dimisiones. Adm. Unico: DE LA TORRE RALPH. Nombramientos. Adm. Solid.: DE LA TORRE RALPH, ERNST ARMIN. Otros conceptos: Cambio del Organo de Administración: Administrador único a Administradores solidarios.
DATOS REGISTRALES **T 40425, F 43, S 8, H M 717963, I/A 5 (04.11.2020)**

Figure 4 – Steward Health Care International SL Registry entries

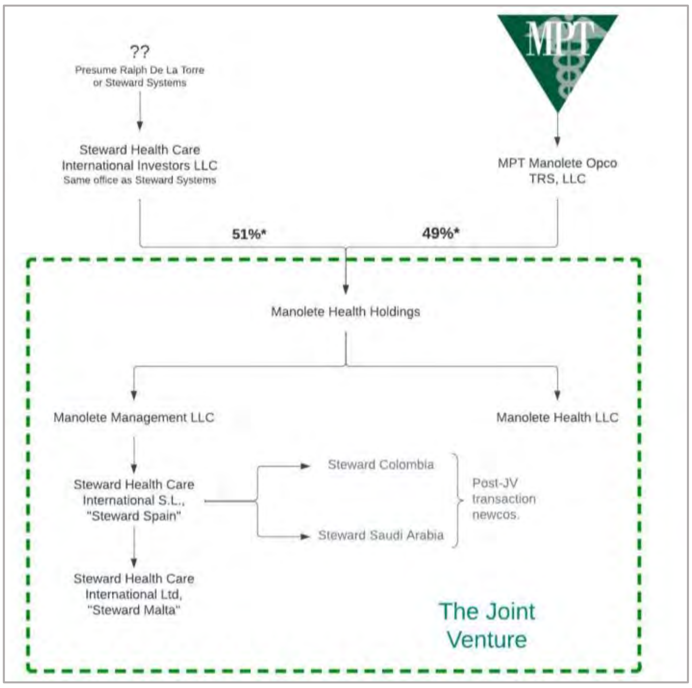


Figure 5 – Viceroy Research – estimate structure

Steward International & Steward Systems

We further note that Steward International has denied any legal relationship with Steward Health Care Systems, the US Steward parent company. This is despite the fact that Steward International's ultimate beneficial owner (i.e. the 51% shareholder in Manolete), Steward Health Care International Investors LLC, is based out of Steward System's offices.

STEWARD HEALTH CARE INTERNATIONAL INVESTORS LLC	
Texas Taxpayer Number	32080709176
Mailing Address	1900 N PEARL ST STE 2400 DALLAS, TX 75201-2470
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	Not Registered
Texas SOS File Number	Not Registered
Registered Agent Name	Not on file
Registered Office Street Address	

Figure 6 – Steward Health Care International Investors LLC – Texas company search[2]

Steward International's web domains are registered by Steward System staff and addresses. The registrant, Mark Rich remains a senior advisor at Steward Health Care Investors LLC and served as Steward System's Interim CFO[3]. The registrant email is Steward System's head of digital marketing[4].

WHOIS search results

Domain Name: stewardinternational.org
Registry Domain ID: D402200000005733795-LROR
Registrar WHOIS Server: whois.godaddy.com
Registrar URL: https://www.godaddy.com

Registrant Name: Mark Rich
Registrant Organization:
Registrant Street: 111 Huntington Ave.
Registrant City: Boston
Registrant State/Province: Massachusetts
Registrant Postal Code: 02119
Registrant Country: US
Registrant Phone: +1.7135829274
Registrant Phone Ext:
Registrant Fax:
Registrant Fax Ext:
Registrant Email: colleen.walsh@steward.org

Figure 7 – stewardinternational.org whois search results[5]

[2] Visit https://mycpa.cpa.state.tx.us/coa/search.do and search for Tax ID 32080709176
[3] https://www.linkedin.com/in/mark-rich-14628b10/
[4] https://www.healthcarestrategy.com/blog/speakers/colleen-walsh/
[5] https://uk.godaddy.com/whois/results.aspx?checkAvail=1&tmskey=&domain=stewardinternational.org

Steward International's leadership team, who proclaim to be entirely independent from their US counterparts, nevertheless feature on the Steward Systems' "Leadership" web page:

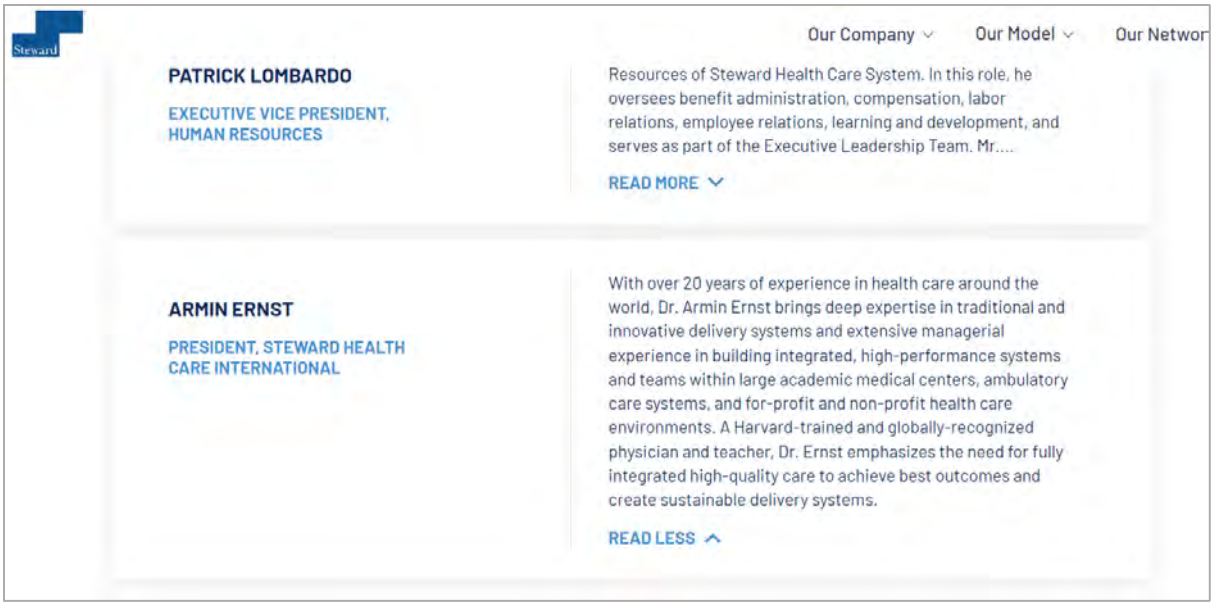


Figure 8 - Steward.org "Leadership" page

Steward International's CEO, Armin Ernst, has an active @steward.org email address which delivered questions from Viceroy relating to the structure of Steward International.

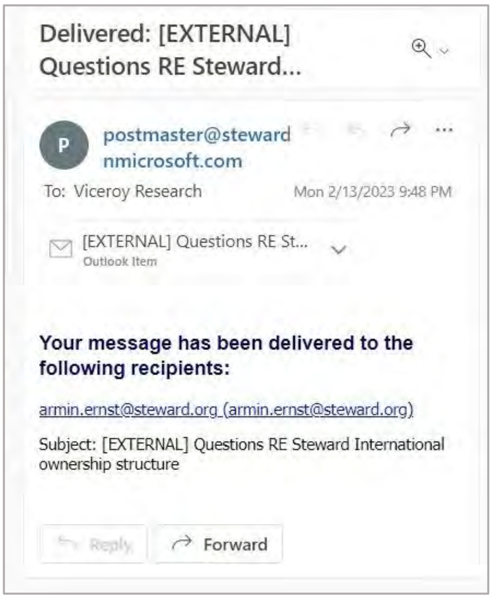


Figure 9 - Viceroy delivered email to Armin Ernst mailbox under steward.org domain

Viceroy do not believe MPW and Steward auditors can provide reasonable assurance as to the accuracy of respective company financial statements given intentionally deceptive behavior, which now appears to include the fabrication of international corporate structures.

3. Steward Colombia – Uncommercial in its own right

Finger in the wind – how much money did MPW burn in Colombia?

According to MPW, it invested $135m in the **real estate** of 3 Colombian companies as was stated in their Q2 2020 earnings call.

> • Financed three general acute care hospitals in Colombia for approximately $135 million operated by the new international joint venture;

> previously owned by Steward for strategic, regulatory, and risk management purposes. Through this joint venture, we invested, on November 17, 2020, in the real estate of three general acute care hospitals in Colombia for approximately $135 million. These properties are operated by the international joint venture.

> Our equity investment and related loan to the international joint venture, our loan investment in the real estate of three hospitals operated by subsidiaries of the international joint venture in Colombia, and our equity investment and related loans in Springstone are measured at fair value on a

Figures 10, 11 & 12 – Annual Report 2020 and Annual Report 2021 and Q3 2022 10-Q

> **Edward K. Aldag**
> *Founder, Chairman, President & CEO*
>
> Yes. So it is, Tayo, this $205 million in the opco joint venture and then $100 million in the real estate that we own 100% of. What it gets us in the opco joint venture is that Steward has been working several international markets, only one of which we're prepared to announce today, and that's Colombia. They put an awful lot of time and effort and infrastructure in place, and that's what the $205 million is for. Is that clear, Tayo?

Figure 13 – Q2 2020 Earnings Call

It turns out these statements were a touch misleading.

- The structure, value, and yield of MPW's proposed Colombian investment varied with the seasons, literally. In all forms of proposed Colombian transactions, MPW massively overpaid for Colombian assets, and financed Steward and/or Ralph De La Torre's entire venture into the market.
- A trace of MPW's Colombian JV show that it is a subsidiary of the Steward International Manolete JV: the same MPW JV group that holds interest in Steward Malta.
- MPW's does not appear to hold any direct interest in the properties of Colombian hospitals, despite explicit assertions that MPW would invest $100m in Colombian real assets, which would subsequently be *operated* by its Steward International JV.
- The value of MPW Colombian mortgages to its Manolete JV vastly exceeds the value of underlying secured assets and is substantially financed by the equity of Colombian hospital *operators*.
- MPW entered into financial commitments to invest in Colombian hospitals without any evident due diligence, and without any transparent or consistent disclosures to stakeholders.

We believe that MPW financed this acquisition wholesale, corroborated by local media reports that the purchase "would be financed entirely by Medical Properties Trust".

> Posse Herrera Ruiz has advised the American REIT, Medical Properties Trust, Inc., in a joint acquisition with Steward Health Care, of the three outpatient clinics operated by National
> Clinics Colombia in the cities of Bogotá D.C. and Pereira. The acquisition will be made through MPT and Steward's joint venture and will be financed entirely by Medical Properties Trust. The deal included the purchase of the real estate used in the clinics, including the real estate property of GSRVC Holdings.

Figure 14 – Medical Properties Trust and Steward Health Care enter Colombian healthcare market[6]

[6] https://www.toprankedlegal.com/press-release/medical-properties-trust-and-steward-health-care-to-enter-into-the-colombian-health-care-market-with-the-acquisition-of-clinics-operated-by-national-clinics/

Centenario – Timeline

The deed for Centenario shows it was transferred from Loto Asociados SAS (formerly Lithia Investment SAS) to PA Centenario for COP52b ($14.4m).

- PARÁGRAFO PRIMERO - CUANTÍAS: Para efectos de derechos notariales generados por el otorgamiento de la presente escritura, se tendrá en cuenta lo establecido en el Decreto 188 de 2013, la Resolución 1299 del 11 de febrero de 2020, expedida por la Superintendencia de Notariado y Registro y las normas que los modifiquen o adicionen, tomándose como base de liquidación el valor del avalúo catastral de los bienes fideicomitidos, en este caso es la suma de **CINCUENTA Y DOS MIL TRESCIENTOS SETENTA Y NUEVE MILLONES CUATROCIENTOS OCHENTA Y CUATRO MIL PESOS ($52.379.484.000) moneda legal colombiana**, la cual será asumida por EL FIDEICOMITENTE B. -----

"taking as the settlement basis the value of the cadastral appraisal of the trust assets, in this case it is the sum of FIFTY-TWO THOUSAND THREE HUNDRED SEVENTY-NINE MILLION FOUR HUNDRED EIGHTY-FOUR THOUSAND PESOS ($52,379 .484,000) Colombian legal currency, which will be assumed by THE TRUSTOR B."

Figure 15 – Centenario Sales Deed and accompanying documents and translation

Loto Asociados was a vehicle used by owners of the defrauded Colombian EPS Salud Vida company to siphon assets out of the SaludVida company and into their hand's owner Hortensia Arenas Avila and her family.

- Between 2014 and 2016 Salud Vida sold 46 properties from their holding company clinic Bogota valued at COP 32.0b to Lithia Investment SAS in exchange for promissory notes in the value of COP164b ($34.28m)[7]. These buildings include the property clinica Centenario operates in[8].

In addition, **Salud Vida transferred 46 assets valued at more than 32 billion pesos** to a Panamanian company called Lithia Investment SAS , but the transfer was made for **16,884,451,000 pesos** through a promissory note.

Lithia Investment controls two IPS that provides services to Salud Vida and points out the Liquidator's complaint, **that business was carried out in six transactions** , 5 of them on the same day June 5, 2015, a few days before Supersalud **declared special surveillance .**

The one who transferred these assets to Panama was the Bogotá clinic, **whose legal representative is Daniel Fernando Silva Roa,** brother of the President of Salud Vida, Juan Pablo Silva Roa.

Figure 16 - Prosecutor's Office investigates robberies and irregular operations of the EPS Salud Vida – Caracol Radio

- Local media appear to incorrectly report that Lithia is a Panamanian company[9] and a court dispute between Loto Asociados and SaludVida (then in liquidation) appears to confirm that the Loto Asociados that sold Centenario is the same that looted SaludVida[10].
- The trust was settled by an agreement between Loto Asociados (formerly Lithia Investment SAS) and Cordiant Health Services.
- Loto Asociados is owned by Panama based Proteas International Investments Corp[11]. Its directors Vernon Emmanuel Salazar Zurita, Delio Jose de Leon Mela and Lilia Tovar de Leon have all been implicated in wrongdoing and appear prominently in the Panama Papers[12,13,14,15].

---

7 https://caracol.com.co/radio/2019/12/05/judicial/1575542198_354472.html
8 https://stewardcolombia.org/wp-content/uploads/2021/04/Centenario_Balance_General_Estado_Resultados_2018.pdf
9 Its parent company Proteas is Panamanian
10 https://unilibrebog-my.sharepoint.com/personal/camiloa-baqueroa_unilibre_edu_co/_layouts/15/onedrive.aspx?ga=1&id=%2Fpersonal%2Fcamiloa%2Dbaqueroa%5Funilibre%5Fedu%5Fco%2FDocuments%2F20%2E%20ESTADOS%20VIRTUALES%2FAUTOS%2F2022%2FESTADO%20No%2E%2039%2F017%2D2020%2D264%2Epdf&parent=%2Fpersonal%2Fcamiloa%2Dbaqueroa%5Funilibre%5Fedu%5Fco%2FDocuments%2F20%2E%20ESTADOS%20VIRTUALES%2FAUTOS%2F2022%2FESTADO%20No%2E%2039
11 https://www.ccb.org.co/content/download/168121/file/%285799%29%20Julio%2023%20de%202020%20publicado%2024%20de%20julio%20de%202020.pdf
12 https://opencorporates.com/companies/pa/843515
13 https://www.tvn-2.com/nacionales/judicial/realizan-audiencia-peculado-caso-ciudad_1_2001350.html
14 https://www.prensa.com/judiciales/suspenden-audiencia-preliminar-en-caso-de-supuesto-peculado-en-ciudad-deportiva-de-david/
15 https://www.eldiario.es/papeles-castellana/utilizaron-sociedades-barcenas-pujol-herencia_1_3963492.html